



Daily Report

East Asia

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Japan

Hata Plans To Discuss DPRK Issue in Beijing

OW0401124494 Tokyo KYODO in English 1202 GMT
4 Jan 94

[Text] Tokyo, Jan. 4 KYODO—Foreign Minister Tsutomu Hata will meet separately with Premier Li Peng and Foreign Minister Qian Qichen shortly after flying to Beijing on Saturday for a two-day visit to China, Japanese officials said Tuesday [4 January].

Hata will meet president and Communist Party General Secretary Jiang Zemin on Sunday before returning home later in the day, the officials said.

The China visit will be the first by Hata since he became foreign minister and concurrently deputy prime minister in the coalition government of Prime Minister Morihiro Hosokawa last August.

Hata and Qian met three times last year.

North Korea's refusal of international inspections of its suspected nuclear facilities may be high on the agenda for talks between Hata and Qian, government sources said.

Cause of Flights' Delays Across Siberia Viewed

OW0401125394 Tokyo KYODO in English 1220 GMT
4 Jan 94

[Text] Narita, Chiba Pref., Jan. 4 KYODO—Russia has imposed restrictions on flights over Siberia since late last year causing hefty delays for many Europe-bound passenger flights, Japanese aviation authorities said Tuesday [4 January]. Airlines are experiencing delays of over an hour to their scheduled departures from Narita Airport, the air gate to Tokyo some 70 kilometers to the east.

Two or three JAL flights a day are being delayed for more than an hour each day. JAL officials said they are resorting to emergency measures to ensure passengers are able to transfer to other flights at their destinations despite the delays.

Russia says the flight restrictions, sent as a formal "notice to airmen" on December 28, are a safety measure following a deterioration in the reliability of radio communications equipment and will last until March 27. The restrictions limit the number of civilian flights out of Japan and passing near Khabarovsk to a maximum of six per hour, one third of the previous frequency.

Between 40 and 50 flights use this route into and out of Narita each day but each must now await clearance from Russian authorities even if all passengers have boarded and they have completed departure procedures.

Aviation experts in Japan said the deterioration in the radio link could be due to cracking in equipment because of freezing.

Burmese Dissidents Mark Independence Day

OW0401085294 Tokyo KYODO in English 0823 GMT
4 Jan 94

[Text] Tokyo, Jan. 4 KYODO—Myanmar [Burma] dissidents in Japan staged a rally in Tokyo on Tuesday [4 January], claiming that the people of Myanmar are not actually free or independent. They said independence day ceremonies being held in Yangon [Rangoon] by the military junta are an empty display.

The rally against the junta, called the State Law and Order Restoration Council (SLORC), was organized by the International Network for Burma Relief, the Burma Youth Volunteer Association (BYVA) and the Burmese Relief Center-Japan, organizers said.

Not being allowed to pass directly in front of the Myanmar Embassy, human rights activists from various countries and Myanmar dissidents wound their way slowly through nearby streets. They marched in silence to symbolize Myanmar's lack of freedom of speech, said BYVA Chairman Khin Maung Zaw.

In a letter to Myanmar dissidents worldwide, Sein Win, prime minister of the National Coalition Government of the Union of Burma (NCGUB), said "on a sad note, I see Burma today not as an independent nation, but as a nation enslaved by the military." The NCGUB is made up of lawmakers elected in the 1990 elections who were forced to flee military persecution to the Thai border.

In a joint press release, the three groups requested that the United Nations and the international community, including the Japanese Government, use their influence to ask SLORC to transfer power to the democratically elected government.

They also asked for the release of Nobel peace prize winner Aung San Suu Kyi and all other political prisoners immediately and unconditionally.

Emperor, Hosokawa Exchange New Year's Greetings

OW0101051494 Tokyo KYODO in English 0411 GMT
1 Jan 93

[Text] Tokyo, Jan. 1 KYODO—Emperor Akihito and Empress Michiko exchanged New Year's greetings Saturday [1 January] morning with other members of the imperial family, Prime Minister Morihiro Hosokawa and other politicians and top officials in a formal ceremony at the Imperial Palace.

The emperor, dressed in coat and tails, and the empress in a full-length formal dress, received greetings in the palace's Matsu No Ma Room.

Four groups including Hosokawa and other members of the cabinet, the chief justice of the Supreme Court, the

speaker of the House of Representatives and the president of the House of Councillors and other members of the Diet, then addressed the emperor and empress and offered their greetings.

In his greeting, the emperor expressed his wish for happiness and prosperity for the nation.

The imperial couple are scheduled to receive members of the diplomatic corps at the palace in the afternoon.

Ex-Foreign Minister Opposes Diet Dissolution

OW0201102594 Tokyo KYODO in English 1009 GMT 2 Jan 94

[Text] Otawara, Tochigi Pref., Jan. 2 KYODO—Former Foreign Minister Michio Watanabe on Sunday [2 January] voiced opposition to dissolving the House of Representatives if political reform bills fail to be enacted before the January 29 close of the current Diet session.

"There is no time for dissolution," said Watanabe, leader of the third largest faction in the opposition Liberal Democratic Party, citing domestic economic factors.

"If (general) elections take place, Diet approval of the state budget for the next fiscal year would be in may, and pump priming measures will be postponed further."

Rather than concentrate now on the divisive issue of political reform, Watanabe again urged that four pending reform bills be carried over to the next regular Diet session, which convenes in late January.

Prime Minister Morihiro Hosokawa on December 24 apologized to the public for failing to achieve political reform by his self-imposed yearend deadline, and vowed anew to pass the reform legislation by the time the current Diet session ends January 29.

A special political reform committee of the House of Councillors only began deliberations on the government's four political reform bills on December 24, 36 days after the House of Representatives passed the package.

Remarking on another contentious issue during a lecture here Sunday, Watanabe said the consumption tax should not be raised two or three years after a planned income tax cut is carried out.

Rather the consumption tax rate, now standing at 3 percent, should be raised once signs of economic recovery are evident, Watanabe said.

Watanabe Views Ozawa's 'Dictatorial' Plans

OW0401103094 Tokyo KYODO in English 0951 GMT 4 Jan 94

[Text] Utsunomiya, Jan. 4 KYODO—Former Foreign Minister Michio Watanabe denounced Shinseito [Japan Renewal Party] co-leader Ichiro Ozawa on Tuesday [4

January] for plotting a "dictatorial" parliamentary strategy to force political reform bills through the Diet. Speaking at a lecture meeting in his home base of Tochigi Prefecture, Watanabe said the coalition government must not carry through Ozawa's alleged plan to "rail-road" the package of four political and electoral reform bills through the Diet.

Shinseito (Japan Renewal Party) is a core party in the seven-party coalition government of Prime Minister Morihiro Hosokawa. Ozawa is widely regarded as a chief strategist for the coalition which swept Hosokawa to power last August.

"It is a dictatorial plan advanced by Shinseito to try to railroad the bills through the Diet on the strength of a majority vote," Watanabe said.

Watanabe is the leader of one of four major factions within the Liberal Democratic Party which fell to the opposition last year after 38 years of rule.

Coalition Seeks 14 Jan End to Reform Debate

OW0401115294 Tokyo KYODO in English 1129 GMT 4 Jan 94

[Text] Tokyo, Jan. 4 KYODO—The ruling coalition said Tuesday [4 January] it will try to complete debate on political reform at a House of Councillors special committee January 14 even if the main opposition Liberal Democratic Party (LDP) boycotts the session.

Senior officials of the seven-party coalition reached the consensus at a meeting in a Diet building after Shoji Motooka, chairman of the upper house panel on political reform, decided to resume discussion on the government's reform package Wednesday.

Wataru Kubo, secretary general of the Social Democratic Party who moderated the meeting, told a news conference he hopes the LDP will participate in the committee debate but said the coalition would go ahead with reform discussion without the LDP.

At a meeting of governing and opposition directors of the upper house panel, the LDP objected to the coalition's call for Wednesday's resumption of deliberations on the reform bills but Motooka decided to reopen panel business to speed up the long-delayed debate, Diet officials said.

The government reform package cleared the House of Representatives in mid-November but deliberations in the upper house stalled for over a month through late December due partly to the LDP's refusal to attend the reform panel session. Prime Minister Morihiro Hosokawa has staked his political future on enactment of the reform package in the current extraordinary Diet session, which ends January 29.

Hosokawa Vows Reform, Denies Diet Dissolution

OW0401075294 Tokyo KYODO in English 0736 GMT 4 Jan 94

[Text] Ise, Mie Pref., Jan. 4 KYODO—Prime Minister Morihiro Hosokawa pledged Tuesday [4 January] to enact political reform bills by the end of the current Diet session ending January 29, denying dissolution of the House of Representatives. "I do not have a thought at all of (Diet) dissolution or of resignation of the cabinet en masse," Hosokawa said at a news conference after a visit to Ise Shrine, an annual ritual for an incumbent premier.

Speculation has arisen that Hosokawa may dissolve the Diet or resign with other cabinet members if the political reform package fails to pass the House of Councillors during the session. Hosokawa has staked his political future on getting the political reform package into law, at first by the end of last year, and now by the end of the session which has been extended by 45 days.

The four government-proposed bills, which passed the lower house on November 18, are now pending in the upper house.

The prime minister also told reporters that he is willing to have further negotiations about the bills with Yohei Kono, president of the major opposition Liberal Democratic Party (LDP), if they will bear fruit, he said.

Hosokawa met Kono before the package passed the lower house, seeking concessions about the package, but they failed to reach an agreement.

Hosokawa also said the government will not give up the plan to complete the construction of a dam on the Nagara River in spite of objections from environmentalists. He said he hopes the dam will be completed during the next fiscal year beginning in April.

He said the nearly-completed dam will be built "cautiously," based on the outcome of a new environmental assessment promised in December by Construction Minister Kozo Igarashi. The dam project had caused an international uproar when an appeal made by Japanese environmentalists demanding a halt drew attention from foreign ecology groups.

Hosokawa said an advisory panel will be set up to discuss the overhauling of the nation's defense program, adopted in 1976. Based on its advice, the government will decide on measures by the summer, before the ministries submit their preliminary requests for fiscal 1995 budget draft.

The measures to be taken will affect the budget, he said.

Defense Agency officials have envisioned a smaller Ground Self-Defense Force with enhanced mobility and information gathering capabilities in line with the post-Cold War situation.

Hosokawa said the government will submit a product liability bill to the next ordinary session of the Diet

beginning January 31. He also pledged efforts for the early enactment of a Public Information Act.

Ruling Parties Decide To Resume Diet Debate

OW0401052894 Tokyo NHK General Television Network in Japanese 0303 GMT 4 Jan 94

[Announcer-read report over video; from "NHK News" program]

[Excerpt] All ruling parties held their meetings of legislators today to decide to resume the deliberations on political reform bills tomorrow in the House of Councillors and affirm their plans to pass the bills during the current Diet session.

[Begin recording of Social Democratic Party of Japan Chairman Tomiichi Murayama] The current Diet session has been extended to 29 January this year. The political reform bills should be passed in the Diet by that date, and the most important task I will have to accomplish is to have the bills passed in the Diet. I believe it would be good if both ruling and opposition parties find areas of agreement in revising the bills when they deliberate them. The matters of principle, especially corporation contributions, on which the ruling parties agreed when they formed the coalition government, cannot be subject to deals between ruling and opposition parties. [end recording]

In this way, Chairman Murayama indicated that his party would not go along with any call for revising the prohibition in the bills on the corporate contributions.

[Begin recording of Shinseito representative Tsutomu Hata] After concluding that if Japan's politics remain unchanged as it has been, Japan would be unable to fulfill its responsibility in the international community, we have decided to reform even the current electoral system as part of the political reform. Some are arguing, however, that priority must be given to the prevention of political corruption and stimulus measures. I think the argument is ridiculous and out of the question. [end recording]

[Begin recording of Shinseito Secretary General Ichiro Ozawa] I hope that this year, we will achieve our long-standing goal of carrying out political reform. This year, I will do my best and work hard while refraining from making rash remarks. [laughs] [end recording]

[Begin recording of Komeito Secretary General Yuichi Ichikawa] The opposition Liberal Democratic Party [LDP] is attempting to collapse the political reform by boycotting the deliberations of political reform bills in the Diet. I think that we should fight against the LDP's attempt. [end recording] [passage omitted on remarks by officials of other parties]

Shimizu Reportedly Gave 3 Million Yen to Otsuka*OW0201130694 Tokyo KYODO in English 1249 GMT
2 Jan 94*

[Text] Tokyo, Jan. 2 KYODO—Shimizu Corp. gave 3 million yen in 1990 to then Construction Minister Yuji Otsuka to reward him for persuading a land owner to drop his objection to a large-scale redevelopment project in Tokyo, informed sources said Sunday [2 January].

Former Shimizu Vice Chairman Hiroyuki Koyama gave the money to Otsuka in December 1990 after he persuaded a building lease company to drop its objection to the redevelopment of a 5.9-hectare area in Tokyo's Nagatacho District, the sources said.

The lease company yielded to pressure from Otsuka, 64, whose Tokyo No. 1 constituency in the House of Representatives is home to the company, they said.

Shimizu, which won a consulting contract with nine corporate land owners in the area, had to secure the consent of the building lease company, which owned land inside the area covered by the redevelopment project.

The redevelopment project received official authorization from the Tokyo metropolitan government in April 1993. The project will be completed around 2000.

After Otsuka managed to persuade the company to drop its objection, Koyama delivered the 3 million yen to Otsuka, the sources said.

Koyama was indicted last October on charges of giving a 10 million yen bribe to former Ibaraki Gov. Fujio Takeuchi to secure public works contracts.

Otsuka's political office declined to comment on the allegation. Otsuka, who served as construction minister from December 1990 to November 1991 in the Cabinet of then Prime Minister Toshiki Kaifu, lost his Diet seat in last July's general election.

A Shimizu Corp. executive in charge of the project told KYODO NEWS SERVICE, "our company has not submitted any request to former Construction Minister Otsuka in connection with the project, although we have donated a small amount to him in the annual summer and year-end gift-giving seasons."

LDP President Interviewed on Hosokawa Government*OW0401000294 Tokyo NHK General Television
Network in Japanese 0000 GMT 3 Jan 94*

[Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 3 January, as part of its 60-minute "New Year Interview Program With the Heads of the Opposition Parties," carries a 40-minute recorded interview with Liberal Democratic Party [LDP] President Yohei Kono by NHK commentator

Takashi Yamamoto and NHK announcer Atsuko Yamada at the NHK studios. The interview was recorded on 29 December.

At 0001 GMT, Yamamoto begins interviewing LDP President Kono by asking his evaluation of the Hosokawa government. Kono states: "The people warmly welcomed the Hosokawa government, which replaced the LDP, a party which had been in power for a long time. But when I think about the Hosokawa government's achievements, there have been no admirable political achievements." Asked by Yamada why the LDP delayed deliberations of the political reform bills in the House of Councillors, Kono replies: "During the past month, the LDP joined Diet deliberations on the supplementary budget for fiscal 1993. As for the political reform bills, deliberations were also conducted in both the Political Reform Committee and the plenary session of the House of Councillors. I do not want the people to misunderstand." Asked by Yamamoto if his party makes no contentions about passing the political reform bills during the current Diet session, Kono says: "No, our party strongly hopes to put an end to the issue of political reform. Frankly speaking, if we should carry over this issue to the next ordinary Diet session, it will be difficult to settle the other issues which have to be solved. Therefore, I hope to conclude the issue of political reform during the current extraordinary Diet session." He then stresses that the ruling parties should make concessions to have the political reform bills passed. He also explains major points of difference between the ruling parties and the LDP on political reform.

Asked by Yamamoto if Prime Minister Hosokawa should hold himself responsible if he fails to have the political reform bills passed during the current Diet session, Kono states: "In a press conference, he apologized for failing to carry out political reform. But as you know, Hosokawa also pledged to the Diet that he would pass the bills by the end of 1993. He needs to make clear to the Diet whether he will take responsibility. Our party plans to take up this issue at the Budget Committee session early in the new year." Asked if the LDP plans to call for the resignation of the cabinet en masse, Kono replies: "We first need to hear his present state of mind." As regards the possible dissolution of the House of Representatives, Kono notes: "We are not in the position to refer to the dissolution of the House of Representatives because the right to dissolve the Diet is held by the prime minister. But we are in a situation wherein the government is required to give priority to protecting the people's living. When I think of the current economic condition, I find the people are in a serious economic situation. What politicians have to do first is to protect the people's standards of living. However, if the prime minister, who has the power to dissolve the Diet, should decide to dissolve the House of Representatives, we cannot do anything about it." In this way, Kono indicates the party is ready to accept the prime minister's challenge.

Asked if he intends to hold talks with Prime Minister Hosokawa to narrow gaps between the ruling parties and the LDP on political reform, Kono responds in the negative, saying holding such talks will devalue the importance of Diet deliberations.

Yamada discusses economic issues, asking Kono to comment on the Hosokawa government's economic policy. Kono replies the government lacks a sense of crisis about the current economic situation, saying: "We are in the worst economic condition since the end of the war, and I don't think the government's coming economic measures based on past experiences will help overcome the situation." Asked by Yamamoto how he views the idea of cutting the income tax in order to boost the economy, Kono stresses that the 10 trillion-yen in income tax cuts is necessary, adding "other stimulus measures also have to be taken." As regards the issue of how to secure revenue sources to make up for a fiscal budget shortfall resulting from the income tax decrease, Kono says: "Raising the consumption tax will not help boost the economy. What is most important for us is to restore the economy." Yamamoto then asks Kono: "Do you think the government should boost the economy even by issuing deficit-covering bonds?" Kono answers: "Yes."

Yamamoto turns the subject to reform of the LDP. Asked how he would change the LDP, Kono says underlying the party's loss of power is the people's distrust of the LDP's money-power politics; he intends to regain the people's confidence. Asked about a move toward realigning the political parties, Kono rules out a possible split in the LDP.

The interview ends at 0040 GMT.

Former LDP Members Form Lower House Group
*OW0401061294 Tokyo KYODO in English 0548 GMT
4 Jan 94*

[Text] Tokyo, Jan. 4 KYODO—Five House of Representatives members who recently bolted from the major opposition Liberal Democratic Party (LDP) formed a new group Tuesday in the lower house, a group member said.

Takeo Nishioka, head of the group, told reporters they will cooperate with the coalition government led by Prime Minister Morihiro Hosokawa to enact the political reform bills now pending in the House of Councilors and to implement measures to stimulate the sluggish economy.

Nishioka also said he will ask upper house members to join his force, noting there still are many pro-reform lawmakers in the LDP. The group is called Kaikakunokai (Reform Group).

The five members are Nishioka, former chairman of the LDP's Policy Affairs Research Council and a former

education minister, Kunio Hatoyama, another former education minister, Shigeru Ishiba, Masamitsu Oishi and Takashi Sasagawa.

Hatoyama left the LDP and became independent in June last year and the other four did so in December. Last year, more than 50 Diet members left the party, which surrendered its 38-year-old grip on power in August.

The four who quit in December defied the LDP's boycott to vote with the ruling coalition to extend the Diet session for another 45 days beyond the December 15 deadline. The coalition government wants the extension to enable it to enact political reform bills which Hosokawa had vowed to make law by the year-end.

The LDP now has 222 members in the 511-seat lower house.

Of the seven ruling parties, the Social Democratic Party has 76 seats, Shinseito [Japan Renewal Party] 61, Sakigake [Harbinger] and the Japan New Party a combined 53, Komeito 52, and the Democratic Socialist Party 19. The Japanese Communist Party has 15 seats, the new group five, and independents eight.

Ex-Premier Uno Discusses Early LDP Comeback
*OW0401103494 Tokyo KYODO in English 0934 GMT
4 Jan 94*

[Text] Tokyo, Jan. 4 KYODO—Former Prime Minister Sosuke Uno said in a New Year interview that he is not confident that the opposition Liberal Democratic Party (LDP) will soon be able to regain the reigns of power. Uno, who served as Japan's prime minister for three months through early August 1989, also told KYODO NEWS SERVICE he considers it unlikely that the LDP will splinter any further.

Uno said he is not optimistic about an early LDP comeback because "the ballots cast by the people are not really so ambiguous." Noting that the LDP would need to win back over 30 seats in order to obtain a majority in the House of Representatives, he said, "it will probably be difficult to regain them in the next election."

He said that while it cannot be helped if a small number of parliamentarians leave the party, "I want to tell them: 'don't do anything funny.' The LDP has lots of flaws, but they can't be fixed in one fell swoop. Everyone must chime in to fix them."

Seven-Trillion-Yen Income Tax Cut Studied
*OW0301025394 Tokyo KYODO in English 0127 GMT
3 Jan 94*

[Text] Tokyo, Jan. 3 KYODO—The government has begun to study the possibility of implementing income and residential tax cuts worth 7 trillion yen as part of new pump-priming measures, the MAINICHI SHIMBUN reported Monday.

This is in response to a protracted recession and rising calls for greater income tax cuts from ruling coalition and opposition parties, the mass-circulation daily said.

The government also intends to carry out the tax reductions two years ahead of a hike in the 3 percent consumption tax, it said, quoting government sources.

The sources were also quoted as saying the government is taking account of talks between Japanese Prime Minister Morihiro Hosokawa and U.S. President Bill Clinton scheduled for February 11 in Washington.

At the talks, the United States is expected to urge Japan to whittle down its huge trade surplus by boosting domestic demand, the daily said.

The government is coordinating views within the ruling parties to implement more than 6 trillion yen worth of income and residential tax cuts while the finance ministry has expressed its intention of raising the consumption tax from 3 percent to 7 percent from April 1995.

The opposition Liberal Democratic Party, however, is seeking 10 trillion yen worth of such tax reductions.

Moreover, some members of Shinseito [Japan Renewal Party], the second-largest of the ruling coalition parties, are also calling for 10 trillion yen worth of tax cuts while the Social Democratic Party, the largest of coalition parties, is opposed to the consumption tax hike.

Bad Bank Loans Said To Exceed Disclosed Number

OW0401000394 Tokyo KYODO in English 2318 GMT 3 Jan 94

[Text] Tokyo, Jan. 4 KYODO—Japan's 11 major commercial banks hold 6.7 trillion yen more in nonperforming loans than they have disclosed, the YOMIURI SHIMBUN reported Tuesday. If the undisclosed amount is included, the combined sum of bad loans at the banks swells to 15,969 billion yen, the mass-circulation daily said.

Nonperforming loans are loans which have become uncollectible due to the bankruptcy of borrowers or upon which interest payments have not been made for six months or longer. The 11 commercial banks had disclosed such loans worth 9,273 billion yen as of the end of September.

Among them, Hokkaido Takushoku Bank held 747 billion yen worth of undisclosed nonperforming loans, compared with its disclosed sum of 440 billion yen, the daily said.

The ratio of disclosed and undisclosed bad loans to the Sapporo-based bank's outstanding balance of lending stood at 15 percent, or three times higher than the 11 commercial banks' average rate, it said.

Farming Industry Leader To Resign Due to Health

OW0401045394 Tokyo KYODO in English 0429 GMT 4 Jan 94

[Text] Fukushima, Jan. 4 KYODO—Japan's top farming industry leader who has opposed the government's decision to partially open Japan's rice market said Tuesday he is resigning for health reasons.

Yoshiharu Sato, chairman of the Central Union of Agricultural Cooperatives (Zenchu), told reporters in this northern Japanese city that he expects to submit his resignation to the Tokyo-based organization on Thursday.

Sato, 68, has been in hospital for cancer treatment. He did not name a successor but said he hopes the new Zenchu leadership will work out a policy to deal with the opening of the rice market.

Sato, who became Zenchu's chief in July 1993, has criticized the government's decision to partially open the rice market as "totally unacceptable" for rice growers.

The decision last month by Prime Minister Morihiro Hosokawa's government marked the end of Japan's half-century ban on rice imports.

Tokyo accepted a proposal made by the General Agreement on Tariffs and Trade (GATT), which calls for Japan to open 4 percent to 8 percent of its domestic rice market as the minimum access for imports, while giving a six-year moratorium for replacing all import restrictions with tariffs.

Banks Plan To Cut 10,000 Jobs in Next 3 Years

OW3112013393 Tokyo KYODO in English 0115 GMT 31 Dec 93

[Text] Tokyo, Dec. 31 KYODO—Eleven major Japanese commercial banks, known as city banks, plan to eliminate a total 10,000 jobs over three years from fiscal 1993 as part of streamlining efforts, the NIHON KEIZAI SHIMBUN reported Friday.

As part of the project, the banks will close more than 100 branches and smaller outlets throughout the country during fiscal 1994, the leading business daily said.

The job reduction will be implemented mainly through a curb on employment of new graduates and transfer of employees to affiliates, it said.

Some of the 11 banks are considering paying extra retirement allowances to induce employees to quit, according to the newspaper.

The rationalization of bank operations has been prompted in large part by swollen bad assets due to the collapse of the bubble economy, it said.

The 11 major commercial banks are forecast to liquidate more than 2 trillion yen worth of such assets in the current fiscal year, ending next March 31.

Business Leaders' Messages Urge Restructuring

*OW0401111194 Tokyo KYODO in English 1043 GMT
4 Jan 94*

[Text] Tokyo, Jan. 4 KYODO—Business leaders sent strong messages to their employees Tuesday [4 January] on the first day of work this year calling for increased efforts to promote streamlining to overcome the lagging recession.

Takashi Imai, president of Nippon Steel Corp., called for rationalizing the operation of the headquarters, while Tsutomu Kanai, president of Hitachi Ltd., urged a comprehensive streamlining of the management for higher efficiency.

Yoshifumi Tsuji, president of Nissan Motor Co., stated that the company will beef up overseas operations especially in the fast growing Asian nations, including China.

Tsuneo Wakai, president of Mitsubishi Bank, said financial institutions must carry out a drastic rationalization and improve efficiency so as to make it possible to write off the massive amount of bad loans.

"I ask you to seriously think about how you can make more money" was the word delivered to employees by Shunkichi Miyoshi, president of NKK Corp.

In connection with the ongoing deregulatory moves, Isao Nakauchi, president of Daiei Inc., said that in the long run he would like to see prices become half of what they are now through redressing the price difference between Japan and abroad.

Heads of companies that have been protected by various rules called for a change.

Hiroshi Araki, president of Tokyo Electric Power Co., said the electric power industry must seek its social role in times of transition, while Yasuyuki Wakahara, president of Asahi Mutual Life Insurance Co., alarmed workers about the changes that are about to take place in traditional rules and practices.

Meanwhile, there were a few, bullish remarks as well.

Hitoshi Kojima, president of Nippon Telegraph and Telephone Corp., told the audience he is confident that the communications industry will become the core industry in the world.

Seiji Fukatsu, president of All Nippon Airways Co., boasted that the airline industry is a growing business sector since there is a sufficient potential demand for traveling.

NEC Corp. President Tadahiro Sekimoto told his employees that restructuring efforts being tackled elsewhere is nothing new from what the company has already been strategically pursuing.

Employee Share of National Income 'Record High'

*OW0401015094 Tokyo KYODO in English 0029 GMT
4 Jan 94*

[Text] Tokyo, Jan. 4 KYODO—The ratio of employees' combined income to the total national income hit a record high of 73.3 percent in fiscal 1992, up 2.3 percentage points from the previous year, the NIHON KEIZAI SHIMBUN reported Tuesday. The rise was the biggest in 18 years, the economic daily said.

Because of the prolonged recession, however, the income of salaried workers in Japan in the fiscal year ended March 31, 1993, grew at a record low rate of 3.5 percent, down from a 7.5 percent increase registered in the previous year, it said.

But the national income itself recorded the smallest growth ever of 0.3 percent, making the workers' share relatively higher, the newspaper said.

The higher ratio indicates that labor costs are heavier for corporations and so employees are likely to face tough resistance from their employers in the annual wage hike negotiations this spring, it said.

Births Hit Historic Low; Divorces, Marriages Up

*OW3112075293 Tokyo KYODO in English 0721 GMT
31 Dec 93*

[Text] Tokyo, Dec. 31 KYODO—Despite a wedding every 40 seconds, fewer babies than ever were born in Japan in 1993 and a record number of couples ended up in divorces, the Health and Welfare Ministry said Friday [31 December].

With 9.6 babies born per thousand people the birth rate hit a historic low. The number of births fell by 24,000 to 1.19 million, sinking below the 1.2 million mark for the first time, the ministry said in announcing the estimate for this year.

The statistics were projected for the whole calendar year based on the number of births, deaths, marriages, and divorces registered between January 1 and October 31.

The low birth rate is expected to further reduce the fertility rate, which represents the average number of children a woman gives birth to in her life, from its all-time low last year of 1.5 children, officials said. To maintain the current population over the long run the rate must be 2.1 or above.

Apparently sparked by the June wedding between Crown Prince Naruhito and Masako Owada, 38,000 more couples tied the knot than in 1992. The number of marriages has been continuously on the rise over the last six years, reaching 792,000 in 1993.

The wedding fever was especially strong in June, which saw an increase by 10,000 marriages over last year. On June 9 alone, the day of the royal wedding, 13,000 couples started married life. However, the country also experienced a second divorce boom following a first peak in 1983. After a continued rise over the last three years, divorces peaked at 189,000, an all-time high. Some 10,000 more couples decided to separate than last year, amounting to a divorce every 2 minutes 47 seconds.

While births still outstripped deaths, the natural population increase further slowed to an all-time low 302,000 people, 50,000 less than in 1992. Partly due to an influenza epidemic in January and February, deaths soared by 26,000 to a record 883,000.

As to the causes of death, cancer ranked top with 237,000 cases, followed by 183,000 deaths resulting from heart diseases, and some 120,000 people dying from cerebrovascular diseases. The pattern remained unchanged since 1985.

North Korea

'War Hokum' by Top ROK Defense Officials Decried

SK0401104294 Pyongyang KCNA in English 1030 GMT 4 Jan 94

["Rash Acts of Warlikers in War Fever"—KCNA headline]

[Text] Pyongyang, January 4 (KCNA)—The South Korean puppet defence minister, Yi Pyong-tae, reportedly told "a ceremony for the commencement of the work this year" on January 3 that "the army, navy and air force should maintain a strong combat posture in the new year, too."

Yi Yong-ho, "chairman of the joint chiefs of staff", too, let out a war hokum that day, saying "the military posture should be rounded off to counter the North's threat of war" and "a posture of prompt counteraction" should be established.

Such belligerent remarks of the puppet army brass hats from the beginning of the year blatantly revealed their scheme of armed confrontation with the North and they were an intolerable grave challenge to the fellow countrymen who aspire to peace and reunification of the country.

As everyone knows, the DPRK has advanced the 10-point programme of the great unity of the whole nation which is acceptable to anyone who wants great national

unity and reunification and a proposal to exchange special envoys in order to discuss and solve the pending issues between the North and the South, and has made all sincere efforts to carry them into effect.

The South Korean puppet clique, however, ignoring them, has resorted to anti-DPRK intrigues, vociferating about "military counteraction" on the pretext of the fictitious "nuclear problem" of the North. And this time the puppet clique again made provocative outbursts.

Facts clearly prove that the South Korean puppets are, indeed, anti-dialogue, anti-reunification elements who have no will to work for peace and reunification.

If the South Korean puppets dare provoke the North, it will control the fire with fire on all accounts and mete out a deserving punishment to the provocateurs.

The South Korean puppets must stop behaving rashly, clearly realizing that their acts of pushing the situation on the Korean peninsula to an acute phase of confrontation will only result in their own self-destruction.

ROK Reportedly Held 'War Exercise' Near DMZ

SK3112045593 Pyongyang KCNA in English 0418 GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—Armed bandits of the South Korean puppet army took positions in Paju County and Chorwon and Yanggu Counties, South Korean Kangwon Province, areas under the eyes of the North, on December 28 and staged a war exercise against the North, firing large-calibre machinegun and automatic rifle bullets at random, according to military sources.

Formations of helicopter gunships and transport helicopters flew above Paju, Yonchon and Chorwon Counties in an exercise of air support to ground attack units and war materiel airlifting.

Such war exercises of the South Korean puppets are premeditated provocative acts to incite North-South confrontation and increase the danger of war.

South 'Clique' Criticized for 'Fascist Remarks'

SK0201094594 Pyongyang KCNA in English 0857 GMT 2 Jan 94

["Desperate Fascist Frenzy"—KCNA headline]

[Text] Pyongyang, January 2 (KCNA)—NODONG SINMUN today denounces the Kim Yong-sam group for throwing off the "civilian" veil and openly making fascist remarks these days.

The traitor Kim Yong-sam, branding the struggle of students and people against the policy of rice market opening as "a radical violent demonstration", threatened that "an unequivocal and resolute stand" would be

taken toward it. And the puppet home minister, Choe Hyong-u, said "torture is permissible in interrogating political prisoners."

This is an open threat to the pro-democracy forces and a new directive to suppress all people opposed to the traitorous "government" with the fascist bayonet, notes the news analyst, and continues:

It is only too natural that the South Korean people should fight to build a new world free from aggressor and traitor. They can by no means be a target of repression at the point of the bayonet.

The Kim Yong-sam puppet clique has turned South Korea into a more terror-ridden pandemonium of fascism than the dictatorial "government" of the "Sixth Republic" and is wringing the neck of the people with such treachery as rice market opening. Why should the people sit idle as if dead? It is the Kim Yong-sam traitorous clique that must be thrown behind bars in South Korea.

The venomous remarks of the Kim Yong-sam group are a desperate fascist frenzy motivated by its fear of the ever-growing anti-puppet, anti-"government" struggle of the people.

It is inevitable that the Kim Yong-sam traitorous clique will encounter stronger resistance from the people.

Paper Condemns Kim Yong-sam's 'Treacheries'

*SK0401110294 Pyongyang KCNA in English 1020
GMT 4 Jan 94*

["No Need To Watch South Korean 'Regime' and Nothing To Expect From It"—KCNA headline]

[Text] Pyongyang, January 4 (KCNA)—Now the South Korean people and public figures are courageously turning out in the anti-puppet, anti-"government" struggle under the slogan "down with the Kim Yong-sam government", saying that there is no need to watch the Kim Yong-sam "civilian regime" any longer and that they have nothing to expect from it, says NODONG SINMUN in a by-lined article Tuesday.

After coming to power under the "civilian" veil in February last year the traitor Kim Yong-sam, a puppet, has turned his back on the South Korean people and the whole nation and committed a long string of treacheries, outdistancing the preceding military fascist rulers, the article says, and goes on:

One of the grisliest crimes committed by the traitor Kim Yong-sam and his "civilian government" is that they have taken the road of dependence on foreign forces, not national independence, and of North-South confrontation, not national unity, turning away the hand stretched by fellow countrymen for the reconciliation, unity and reunification of the North and South.

Kim Yong-sam the traitor resumed the "Team Spirit" nuclear war exercises against the North on a larger scale in collusion with the U.S. imperialists, the war game which had been suspended in the closing years of the "sixth republic" and, at "summit talks" and "annual security consultative meeting" between South Korea and the United States and during his trip of the United States, he asked the United States to shelve a programme to cut back its troops present in South Korea and keep the U.S. troops in South Korea for an indefinite period in return for his promise to allocate more than 3 billion dollars for the maintenance of its troops, and place South Korea under the U.S. "nuclear umbrella".

The Kim Yong-sam puppet clique has made desperate efforts to get "sanctions" imposed upon the DPRK and set up an "international cooperation system" against it by spreading the fiction of "suspicion of nuclear development by the North" invented by the imperialist reactionary forces in a bid to stifle our republic, the bastion of socialism.

Never to be condoned are the crimes committed by the Kim Yong-sam fascist "regime" in turning South Korea into a fascist pandemonium worse than under the "sixth republic" military dictatorial "regime" and brutally suppressing the students and people calling for independence, democracy and reunification.

It is only too natural that the South Korean people bitterly condemn the present Kim Yong-sam puppet regime as a "civilian fascist regime" and the "second-term government of the sixth republic" which has replaced "military fascism with civilian fascism".

The Kim Yong-sam group committed a towering crime by putting a spoke in the wheel of the democratic development of the South Korean society and driving the economy and people's living to the worst phase through deceptive "reforms".

The Kim Yong-sam puppet clique has taken the road of dependence on outside forces, not national independence, and of North-South confrontation, not national reconciliation and unity, going against the desire of the nation for independent reunification and is fooling the people with hypocritical "reforms". This is what the Kim Yong-sam puppet clique has done under the cloak of "civilian politics".

The traitor and fascist tyrant forsaken by the country and the nation will face a stern judgement by history.

Daily Criticizes Kim Yong-sam's Policies

*SK3112105893 Pyongyang KCNA in English 1018
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The traitor Kim Yong-sam cried for "labor-management concord", blaring that he would make the new year "the first year of settlement of labor-management relations." Commenting on this, NODONG SINMUN today says:

By "labor-management concord" Kim Yong-sam the puppet means that the workers must submit to the demands of the employers and their exploitation and plunder, not fighting to push demands such as wage hike.

The analyst further says:

In the first days of his office the traitor harshly suppressed the struggle of workers for such demand as higher pay by invoking even the "emergency arbitration power."

In reiterating the deceptive doctrine on "labor-management concord" the reactionary nature of which has been brought into a glaring light, he hinted that he would force harder toil upon the workers and not allow labor movement at all.

In the past ten months of the so-called "civilian" rule of the traitor Kim Yong-sam the South Korean workers have clearly realized through their experiences that his "commitment" to building a "society where the laboring people are well-off" is sham and he is a friend of the exploiters, not of the workers.

If the Kim Yong-sam group tries to block the struggle of the workers by fascist crackdown, it will only precipitate the destruction of the "civilian government."

Reunification Group Denounces Kim Yong-sam

SK3112110093 Pyongyang KCNA in English 1011 GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland released its Information No. 640 on December 29 denouncing the Kim Yong-sam puppet clique's treacheries against the nation in the nearly one year since it came to power.

The information cited facts exposing that since it seized power the Kim Yong-sam puppet clique has committed despicable treacheries against the nation, doing harm to and bartering away the national interests by resorting to humiliating sycophant, traitorous acts, "civilian" fascist dictatorship, reckless war moves and malicious anti-North confrontation racket.

It says in part:

The traitor Kim Yong-sam, a puppet, in his "summit talks" with the United States and at the South Korea-U.S. "annual Security Consultative Meeting" in July and November offered to pay more than 3,000 million dollars for the maintenance of the U.S. Forces present in South Korea, begging for their permanent presence in South Korea, and had the planned U.S. troop cutback in South Korea shelved.

During his visit to the United States in November he begged his master to "exercise strong influence", raising a hue and cry over the "suspicion of North's nuclear development", a fictitious talk. And, in a bid to put the

brake on the progress of the DPRK-U.S. talks, he entreated his master to object to the North-proposed formula of package solution of the nuclear problem and establish an "international cooperation system" aimed at stifling the same fellow countrymen, and promised in privacy to open in return for it the South Korean rice market, a matter which even his preceding dictators didn't dare to deal with.

Further still, the traitor invited the Japanese prime minister to South Korea in early November and asked for "joint action" against the North's "nuclear problem" till its solution. He blared that South Korea and Japan should "develop their relationship into future-oriented one", whitewashing the thrice-cursed brutalities committed by the Japanese imperialists against the Korean people in the past.

Since it took the helm of power the Kim Yong-sam puppet clique has zealously followed the anti-socialist moves of the international reactionaries to stifle the DPRK.

Taking office, the traitor Kim Yong-sam made quite a noise as if he would bring about any "change" in the relations between the North and the South, saying "relations with the North would be improved from the viewpoint of the same nation". But it was a mere deception designed to mislead public opinion at home and abroad.

His criminal records reveal to the whole world that he has committed heinous crimes in bringing dark clouds of war over the head of the nation and driving the North-South relations to the worst phase.

Remark by Japan's Hata on Nuclear Issue Berated

SK0401103394 Pyongyang KCNA in English 1024 GMT 4 Jan 94

["Anti-DPRK Policy Revealed Again"—KCNA headline]

[Text] Pyongyang, January 4 (KCNA)—Japanese Foreign Minister Hata reportedly told a press conference that "suspected nuclear programme of North Korea is a factor of destability in Asia as a whole."

In view of Hata's slanderous remarks against the DPRK in his first official appearance in the new year, it is not hard to predict that the anti-DPRK policy of the Japanese reactionaries will get more hostile this year.

The continued provocative utterances of the Japanese authorities against the DPRK show that they still seek a sinister purpose of isolating and stifling the DPRK in conspiracy with seditious forces, far from atoning for the immeasurable misfortunes and sufferings they imposed on the Korean people in the past and establishing good-neighbourly relations with the DPRK.

Lurking behind their persistent outcries over the "suspected nuclear programme", a fiction, is a heinous

intention to divert elsewhere the world's attention to Japan's stockpile of much plutonium and its scheme of nuclear arms development and build Japan into a nuclear power under the pretext of the suspicion and, further, stage a comeback to Korea.

They overtly revealed time and again their ambition for reinvading Korea by force of arms, defining the DPRK as "number one potential enemy." Judging from this fact, the Japanese reactionaries' acts are very ill-boding and their hostile acts on the springboard for overseas aggression and aggrandizement are very grave.

Their attempt to contain the DPRK with "strength" is a futile dream.

They must look straight at the trend of the times and act with discretion.

Kim Il-song Meets Students Visiting From Japan

*SK0101104794 Pyongyang KCNA in English 1008
GMT 1 Jan 94*

[Text] Pyongyang, January 1 (KCNA)—The great leader President Kim Il-song Friday [31 December] met with a home-visiting group of students of Korean University under the General Association of Korean Residents in Japan (Chongnyon) and an art troupe of Korean school children in Japan staying in the socialist homeland.

Kim Yong-sun was on hand.

The school children in Japan extended New Year's greetings to President Kim Il-song and wished him a long life in good health.

President Kim Il-song had a cordial talk and posed for a souvenir picture with them.

Chongnyon Officials Swear Allegiance in Tokyo

*SK0301103894 Pyongyang KCNA in English 1020
GMT 3 Jan 94*

[Text] Tokyo, January 1 (KNS-KCNA)—Officials of the General Association of Korean Residents in Japan (Chongnyon) met at the Korean Hall in Tokyo on Saturday to swear their allegiance on the New Year 1994.

Participating in the meeting were First Vice-Chairman Yi Chin-kyu, Chief Vice-Chairman Ho Chong-man, Vice-Chairmen Pak Chae-no, So Man-sul, Paek Han-ki, Choe Pyong-cho and Pae Pyong-tu of the Chongnyon Central Standing Committee and other Chongnyon officials.

The participants heard the New Year address of the great leader Generalissimo Kim Il-song.

Then the message of greetings sent by Generalissimo Kim Il-song to Han Tok-su, chairman of the Chongnyon Central Standing Committee, on the New Year was read.

The participants vowed to further strengthen Chongnyon organisationally and ideologically and achieve new

successes in the work for national reunification and all other patriotic work by keeping step with the people in the homeland in the general march of socialism in hearty response to the New Year teachings of the great leader.

New Year's meetings took place at the local headquarters of Chongnyon on the same day.

U.S. Commander's Remarks on Presence Decried

*SK3112053693 Pyongyang KCNA in English 0429
GMT 31 Dec 93*

[“Anachronistic Policy of Strength”—KCNA headline]

[Text] Pyongyang, December 31 (KCNA)—Charles Larson, commander-in-chief of the U.S. Pacific Forces, recently tried to justify the U.S. nuclear umbrella and military bases in South Korea and Japan, claiming that continued U.S. military presence and meddling in the Asia-Pacific Region is needed.

NODONG SINMUN today says this revealed the intention of the U.S. bellicose quarters to dominate and control this region by perpetuating the U.S. military presence there and intensifying military intervention in those countries which follow the road of independence.

The news analyst says:

The United States is reinforcing military forces in Northeast Asia, especially in South Korea, to control the Asia-Pacific Region. It is obvious that Larson had in mind the provocation of war on the Korean peninsula when preaching the need of the U.S. military presence and meddling in the region.

The bellicose quarters of the United States openly reveal their intention to make a military adventure against the DPRK.

The U.S. military is examining the deployment of U.S. nuclear submarines and unmanned spy planes around the Korean peninsula and scheming to build a “theatre missile defence system” together with Japan under the pretext of coping with the “nuclear and missile threat” from the DPRK.

This move shows that the U.S. bellicose quarters have not yet given up their ulterior intention to impede the DPRK-USA talks and stifle the DPRK with strength.

If they think military threat and pressure can work on the Korean people, it is a miscalculation.

They must renounce the anachronistic ambition for dominating the Asia-Pacific Region and stop the anti-DPRK campaign.

KCNA: Over 200 U.S. 'Aerial Espionages' in Dec
SK3112043093 Pyongyang KCNA in English 0402
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—The U.S. imperialists have committed aerial espionage against the northern half of Korea on more than 200 occasions in December by intensively mobilizing various reconnaissance planes such as U-2, RC-135, E-3, RF-4C, RV-1 and EH-60, according to military sources.

On December 29, an overseas-based strategic reconnaissance plane RC-135 flew into the sky above Sokcho and committed aerial photographing and electronic reconnaissance on the whole areas of the northern half of Korea while making a shuttle flight from the East to the West.

Aerial espionage by this strategic reconnaissance plane numbered over ten cases in December.

35th Anniversary of Cuban Revolution Marked

Kim Il-song Greets Fidel Castro

SK3112112793 Pyongyang KCNA in English 1038
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, on December 28 sent a message of greetings to Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba, on the occasion of the 35th anniversary of the victory of the Cuban revolution.

Noting that the victory of the Cuban revolution was a historical event which brought a fundamental turn in the life of the Cuban people, President Kim Il-song said:

"The Cuban people have firmly defended the independence and sovereignty of the country and the gains of the revolution, repulsing the aggression, interference and blockade of the imperialists under the leadership of the Communist Party of Cuba headed by you over the past 35 years since the victory of the revolution.

"Today the Cuban people are vigorously advancing along the road of socialism, invariably adhering to the principle of the revolution under the complicated and acute international circumstances. We highly estimate this.

"I take this opportunity of sincerely wishing you and your people greater success in the struggle to defend the country, the revolution and socialism and achieve an independent development of the country and its prosperity.

"The friendship between the Korean and Cuban peoples is a solid friendship which was forged and has been

developed constantly through a common struggle for sovereignty, independence and socialism.

"I am convinced that the traditional relations of friendship and cooperation between our two parties, two countries and two peoples will grow stronger."

Kim Il-song Sends Flowers

SK3112112993 Pyongyang KCNA in English 1044
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—The great leader President Kim Il-song sent today a floral basket to the Cuban Embassy here on the occasion of the 35th anniversary of the victory of the Cuban revolution.

The floral basket was handed to Cuban Ambassador to Korea Juan Jose Leon Vega.

Kim Chong-il Sends Flowers

SK3112113293 Pyongyang KCNA in English 1045
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—The dear leader Comrade Kim Chong-il sent today a floral basket to the Cuban Embassy here on the occasion of the 35th anniversary of the victory of the Cuban revolution.

The floral basket was handed to Cuban Ambassador to Korea Juan Jose Leon Vega.

Ministry Sends Flowers to Embassy

SK0101104494 Pyongyang KCNA in English 1006
GMT 1 Jan 94

[Text] Pyongyang, January 1 (KCNA)—A ministry and a commission of the Administration Council and central organs sent floral baskets to the Cuban Embassy here on December 31 on the occasion of the 35th anniversary of the victory of the revolution in Cuba.

Floral baskets were conveyed to Cuban Ambassador to Korea Juan Jose Leon Vega in the name of the Ministry of Foreign Affairs, the State External Economic Affairs Commission, the Committee for Cultural Relations with Foreign Countries and the General Bureau of Diplomatic Corps Affairs.

Daily Carries Editorial Article

SK3112105193 Pyongyang KCNA in English 1003
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—NODONG SINMUN today observes the 35th anniversary of the victory of the Cuban revolution.

Noting that the victory of the Cuban revolution was an epoch-making event that terminated domination and subjugation, backwardness and poverty on the land of Cuba and opened a way of socialism guaranteeing sovereignty and independence, creation and prosperity, the editorial article says:

The 35 years covered by the Cuban people after the victory of the revolution have been a course of constant confrontation and struggle with the imperialist reactionaries and days in which they decorated their history with creation and innovation. The socialist changes and the victorious progress of the revolution in those years clearly indicate that no force on earth can block the road of socialism of the heroic Cuban people.

The Korean people note with high appreciation that the Cuban people are defending the country's sovereignty and national dignity and accelerating socialist construction, not yielding to any adversity.

The militant comradeship and unity between the peoples of Korea and Cuba have been further consolidated and developed in the course of overcoming trials together and struggling hand in hand for the common cause.

Friendship and unity between Korea and Cuba are an excellent model of comradely relations between the peoples of revolutionary countries.

The Korean people will, in the future, too, make every possible effort to strengthen and fully develop their friendship and unity with the Cuban people.

The just cause of the Cuban people will certainly end in victory.

KPA Naval Delegation Returns From Cuba 30 Dec

SK3112100093 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 30 Dec 93

[Text] The naval delegation of the Korean People's Army [KPA] led by Admiral Kim Il-chol returned home by plane on 30 December. KPA Vice Admiral Kim Ki-hak and Juan Jose Leon Vega, Republic of Cuba ambassador to our country, received the delegation.

Kim Yong-nam Greets Singaporean Counterpart

SK0301113194 Pyongyang KCNA in English 1104 GMT 3 Jan 94

[Text] Pyongyang, January 3 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greetings to S. Jayakumar upon his appointment as minister of Foreign Affairs of the Republic of Singapore.

The message expressed the belief that the friendly and cooperative relations between the two countries would further develop and wished the minister of Foreign Affairs great success in his responsible work.

WPK Sends Message to Cambodia's Ranariddh

SK0201084894 Pyongyang KCNA in English 0811 GMT 2 Jan 94

[Text] Pyongyang, January 2 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] Saturday [1 January] sent a message of greetings to His Royal Highness Prince Norodom Ranariddh, chairman

of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] Party, first prime minister of the government of the Kingdom of Cambodia and supreme commander of the Royal Armed Forces of Cambodia, on the occasion of his 50th birthday.

The message said that his royal highness prince was enjoying deep respect and trust among the entire members of the Funcinpec Party and the Cambodian people.

Highly estimating the energetic and patriotic activities of his royal highness prince to defend the interests of the Cambodian nation and people, the message wished him greater success in his noble work for the strengthening and development of the party and the building of a prosperous and independent new Cambodia.

Kim Il-song Sends Greetings to PLO's 'Arafat

SK3112113693 Pyongyang KCNA in English 1048 GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, sent today a message of greetings to Comrade Yasir 'Arafat, president of the State of Palestine and chairman of the Executive Committee of the Palestine Liberation Organisation [PLO], on the occasion of the 29th anniversary of the start of the Palestinian revolution.

Noting that the Palestinian people under the leadership of the PLO have waged a persistent struggle after the start of the revolution to restore their legitimate national rights and are now making energetic efforts for the complete solution of the Palestinian problem, President Kim Il-song expressed firm solidarity with the Palestinian president, the PLO and the Palestinian people.

Expressing the belief that the friendly and cooperative relations between the Korean and the Palestinian people would grow stronger and develop, he sincerely wished the president and the people of Palestine greater success in their struggle for the final victory of the Palestinian revolution.

Papers Mark Palestine Revolution Anniversary

SK3112105493 Pyongyang KCNA in English 1029 GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—Papers here today observe the 29th anniversary of the start of the Palestinian revolution.

NODONG SINMUN in a by-lined article says that the start of the Palestinian revolution brought the struggle of the Palestinian people into a new, higher stage. Since the start of the revolution the Palestinian people under the leadership of the Palestine Liberation Organisation (PLO) waged various forms of struggle to terminate

Israel's occupation and achieve the country's liberation and national independence, the article says, adding:

The Palestinian people are now striving to fairly solve the Palestinian issue under the leadership of the PLO. And the PLO is making sincere efforts to implement the declaration of principle on the autonomy of Palestine which was signed with Israel in September.

The Korean people will as ever express support and solidarity for the struggle of justice of the Palestinian people.

A signed article of MINJU CHOSON says that the Palestinian issue must be settled in conformity with the demand of the Palestinian people and the common interests of the Arab peoples.

Papers Observe Anniversary of Sudan Independence

*SK3112105393 Pyongyang KCNA in English 1033
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—Pyongyang-based papers today observe the 38th anniversary of the independence of the Sudan.

The Sudanese people have striven to defend the national sovereignty and achieve the country's stability and social progress over the past 38 years since independence, NODONG SINMUN says in a by-lined article, and continues:

The president of the Sudan, speaking at a function some time ago, stated that every possible effort will be made to maintain the unity of the country, its territorial integrity, independence and sovereignty.

Adhering to the principle of non-alignment externally, the Sudan is striving to establish independent foreign relations, opposing interference of the imperialists in the internal affairs of other countries.

In a signed article, MINJU CHOSON says:

The peoples of Korea and the Sudan have long established friendly relations. The Korean people will strive to strengthen and develop friendly relations with the Sudanese people of various fields in keeping with the aspiration and desire of the two peoples.

They wish the Sudanese people greater success in their endeavours for the independent development and prosperity of the country.

Kim Il-song Greet Sudan President

*SK3112112493 Pyongyang KCNA in English 1041
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings today to President 'Umar Hasan Ahmed al-Bashir on the occasion of the 38th anniversary of the independence of the Sudan.

In the message President Kim Il-song expressed the belief that the friendly relations between Korea and the Sudan would further develop and sincerely wished the president and people of the Sudan greater success in the work for the prosperity of the country.

Official Greet Equatorial Guinean Premier

*SK0301112794 Pyongyang KCNA in English 1105
GMT 3 Jan 94*

[Text] Pyongyang, January 3 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Sylvestre Siale Bileka upon his appointment as prime minister of the Republic of Equatorial Guinea.

The message expressed the belief that the friendly and cooperative relations existing between the two countries would continue to develop and wished the prime minister great success in his responsible work.

Minister Greet Equatorial Guinea Counterpart

*SK3112045193 Pyongyang KCNA in English 0416
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—Foreign Minister Kim Yong-nam sent a message to Miguel Oyono Ndong Mifumu congratulating him upon his appointment as minister of state in charge of foreign affairs and cooperation of the Republic of Equatorial Guinea.

The message expresses the belief that the friendly and cooperative relations between the two countries will develop on good terms in accordance with the idea of independence, peace and friendship, and sincerely wishes him great success in his work.

Foreign Ministers Mark Peru-DPRK Relations

*SK3112053993 Pyongyang KCNA in English 0424
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The Korean and Peruvian foreign ministers exchanged messages of greetings on the occasion of the fifth anniversary of the opening of diplomatic relations between the Democratic People's Republic of Korea and the Republic of Peru.

Foreign Minister Kim Yong-nam in his message said the establishment of diplomatic relations between the two countries marked an important occasion in deepening understanding and friendship between the two peoples.

He expressed the belief that the friendly and cooperative relations between the Korean and the Peruvian people would further expand and develop in accordance with the idea of independence, peace and friendship.

Peruvian Foreign Minister Efraim Goldenberg Schreiber in his message said he hopes the bonds linking the two countries would be maintained in an atmosphere of sincerity and understanding.

WPK Sends Greetings to Uruguay Communist Party

*SK3112114093 Pyongyang KCNA in English 1053
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent a message of greetings to Marina Arismendi upon his reelection as secretary general of the Central Committee of the Communist Party of Uruguay.

Expressing the belief that the friendly relations forged between the two parties would grow stronger and develop in conformity with the idea of independence, peace and friendship, the message sincerely wished the secretary general greater success in his responsible work to implement the decision of the 23rd Congress of the Communist Party of Uruguay.

WPK Greets Socialist People's Party of Mexico

*SK3112114293 Pyongyang KCNA in English 1055
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent a message of greetings to Indalicio Sayago Herrera upon his reelection as general secretary of the Socialist People's Party of Mexico.

The message expressed the belief that the friendly and cooperative relations forged between the two parties in the common struggle for the cause of independence against imperialism and for socialism would grow stronger and develop, and wished the general secretary success in his responsible work to implement the decision of the 16th Congress of the Socialist People's Party of Mexico.

Press Club of Nepal Awards Kim Chong-il

*SK3112150793 Pyongyang KCNA in English 1502
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The dear leader Comrade Kim Chong-il received "Gold Medal of Peace" from the National Press Club of Nepal.

Asking the Korean ambassador to Nepal to convey the medal to Comrade Kim Chong-il, Ram. K. Karma-charya, president of the National Press Club of Nepal, said it was decided to award the medal to Comrade Kim Chong-il, a great teacher of international press circles, in appreciation of his exploits.

Carved in relief in the centre of the front side of the medal is a dove, the symbol of peace, with the year of its institution inscribed above it and letters reading "peace for the press and information services" and "National Press Club of Nepal" around it.

Foreign Parties Support Korean Reunification

*SK0301105494 Pyongyang KCNA in English 1037
GMT 3 Jan 94*

[Text] Pyongyang, January 3 (KCNA)—The solidarity messages to the Central Committee of the Workers' Party of Korea were sent by the Central Committee of the Communist Party of India (Marxist), A. Antonov, secretary of the Political Executive Committee of the Socialist Party of Kazakhstan, and M. Farooqi, secretary of the National Council of the Communist Party of India, in support of the Korean people's struggle for peace in the Korean peninsula and the reunification of the country.

The Central Committee of the Communist Party of India (Marxist) in its message charges that the United States is scheming to attain its aim of putting down ever growing support to the proposals of the DPRK to reunify the country independently and peacefully and in a democratic way.

We reaffirm our support and solidarity for the DPRK and believe that its efforts for peace and equality among the nations are sure to produce good results, says the message.

The secretary of the Political Executive Committee of the Socialist Party of Kazakhstan in the message demanded that practical measures to implement the resolution of the 30th U.N. General Assembly session on putting a period to the stationing of foreign troops in South Korea and removing the source of causing North-South confrontation be taken at once.

The secretary of the National Council of the Communist Party of India in the message stressed that the nuclear issue on the Korean peninsula should be solved only through peaceful negotiations.

Foreign Groups Support Stand on Nuclear Issue

*SK0301105394 Pyongyang KCNA in English 1032
GMT 3 Jan 94*

[Text] Pyongyang, January 3 (KCNA)—Officials of seven political parties and organisations including the president of the Pakistan Socialist Party and the president of the Pakistan Federation of Trade Unions, released a joint statement on December 22 in denunciation of the U.S. nuclear threat to Korea.

The statement stresses that the provocative menace and blackmail posed by the United States against the Democratic People's Republic of Korea under the pretext of its "nuclear issue" are a violation of and threat to national sovereignty and security, which is an act quite contrary to the United Nations Charter.

It expresses full support to the DPRK's stand on the negotiated settlement of the nuclear issue and calls upon the people of the United States and the world to show a positive response to it.

The Ugandan National Executive Committee of the Seventh Pan-African Congress in a statement issued on the same day charges that paying no heed to the nuclear arms deployed in Europe and Israel and other places, the United States is taking issue with North Korea which is using nuclear facilities for a peaceful purpose, and maneuvering to remove them.

The statement calls upon the world progressive people to decisively check such brigandish and aggressive act of the United States.

Reaction to Kim Il-song New Year Address

Vice President Voices Support

*SK0301233194 Pyongyang Korean Central
Broadcasting Network in Korean 2110 GMT 3 Jan 94*

[Press statement issued by Pak Song-chol, member of the WPK Central Committee Political Bureau and vice president, on 3 January; place not given]

[Text] Comrade Pak Song-chol, member of the Political Bureau of the Workers' Party of Korea [WPK] Central Committee and vice president of the DPRK, yesterday issued a press statement supporting the fatherland's reunification formula expounded by the great leader Comrade Kim Il-song in his New Year's address.

The press statement by Comrade Pak Song-chol, member of the WPK Central Committee Political Bureau and vice president of the DPRK says:

Our people—who embrace the historic New Year's address made by the respected and beloved Comrade Kim Il-song, the great sun of the nation and the lodestar of the fatherland's reunification, ringing in the hopeful New Year, 1994, with boundless gratitude and excitement—are filled with firm resolve and confidence to effect a new revolutionary upsurge in socialist construction and expedite the cause for reunifying the fatherland independently under the party's wise leadership in this year.

In his New Year's address, the great leader Comrade Kim Il-song, summing up last year, noted that the officers and men of our heroic People's Army and all the people, in hearty response to the party's militant call, stood up as one man in the struggle to brilliantly adorn last year's Third Seven-Year Plan and to defend the country's sovereignty and revolutionary achievements with an unshakable confidence in victory and in soaring spirits, foiled the enemy's challenge and aggressive scheme and honorably safeguarded the dignity and security of their socialist fatherland.

The great leader, in this year in which socialist construction enters a new stage of development, expounded the glorious tasks of consolidating and developing the

achievements already made in the revolution and construction and achieving new and greater (?achievements) so as to further add luster to the popular masses-centered socialism of our own style.

In particular, touching on our party and the Republic government's sincere efforts made in the last year to open a way for the fatherland's reunification with the nation's united strength, the great leader clarified our party's principled position as regards to the fatherland's reunification.

Convinced that our party's principled position regarding the fatherland's reunification elucidated in the great leader's historic New Year's address is a programmatic guideline for breaking the deadlock lying in the way of the reunification and triumphantly accomplishing the cause for reunifying the fatherland with the nation's self-reliant force, I fervently support and welcome this.

The great leader Comrade Kim Il-song taught: We must accomplish the cause of national reunification as soon as possible, so as to meet the unanimous, ardent desire of the entire nation and hand down the reunified country to our posterity.

Our nation was not only forced to experience the tragedy of separation by outside forces but also could not fulfill our nation's ardent aspiration to reunify the fatherland up until now due to the outside forces' stubborn maneuvers aimed at obstruction.

This shows that our country's reunification issue can only be resolved through our nation's own strength, rejecting the interference of outside forces, and that holding fast to the nation's principle of independence is a fundamental issue for the fatherland's reunification. Proceeding from this, we put forward a 10-point program of the great unity of the whole nation for the reunification of the fatherland last year and made all-out efforts to pave the road for reunification by means of unified strength and our nation's own strength.

The 10-point program set forth by the great leader is an immortal banner of the national unity to transcend differences in ideology, ideals, and systems, and a great charter for the reunification of the fatherland, which embodies the noble desire of our 70 million compatriots to realize the reunification and prosperity of our nation with a long history of 5,000 years.

We hoped the South Korean authorities would take the road of reconciliation and cooperation in response to our 10-point program of great national unity and, out of aspiration for national unity and reunification, we also took important steps for an exchange of top-level special envoys between the two sides. However, the South Korean authorities have clung to dependence on foreign forces, not national independence, and committed anti-national acts of further aggravating confrontation between the North and South, not national unity, by ignoring our magnanimous proposal and the desire of the entire nation for reunification. They have staged

successive large-scale military exercises against our Republic frequently in collusion with foreign forces and have committed anti-republic maneuvers more viciously than their predecessors by clamoring for military countermeasures and an international cooperation system based on the pretext of our nonexistent nuclear issue.

Worse still, they suspended the North-South dialogues and exchanges, which had been pushed ahead even by the Fifth and Sixth Republics, and brutally suspended the patriotic forces for reunification. Last year, the new rulers of South Korea came out with a so-called step-by-step reunification [tang-ejok tongil], which already had been at the nation's center of criticism, made the North-South relations retreat, and darkened the prospect for the reunification of the fatherland.

The current South Korean rulers, through their acts, clearly disclosed that the so-called civilian regime is only a disguise; in fact it does not differ from the successive military dictatorial regimes. Even though the current South Korean ruler loudly advertised civilian politics and reform policies, the National Security Law, the evil anti-communist fascist laws, and the Agency for National Security Planning and the Defense of Security command, which are suppressive agencies, still remain intact in South Korea. Due to the fascist politics dominated by public security, none of the desires of the South Korean people for independence, democracy, and national reunification has been fulfilled.

It is very natural that the South Korean people and figures in various classes and strata are waging an antigovernment struggle today, saying there is no need to further watch the current regime, and expect nothing from it.

Regarding our nuclear issue that the United States and its followers are talking about, the great leader taught in his New Year's address that the issue is a product of the antisocialist, anti-republic maneuver that the United States pursues persistently.

As the respected and beloved leader taught, it was the United States that raised the suspicion of nonexistent nuclear development of the North, and it is also the United States that threatens us after actually drawing nuclear weapons on the Korean peninsula.

Accordingly, the nuclear issue on the Korean peninsula should be resolved peacefully through negotiations between the offender, who poses the nuclear threat, and its victim, in other words, between our Republic and the United States.

Any pressure or threat will not work on us. To adhere to such a method cannot resolve the issue, but will only bring the grave result of driving the situation into a catastrophe [paguk]. The United States should take a good look at all the facts and act discreetly. Under the condition that the DPRK-U.S. joint declaration has been

signed, the nuclear issue on the Korean peninsula will be resolved fairly if both sides abide by and implement the principles agreed upon.

In his New Year's address, the great leader stressed that our Republic's principle and line for the fatherland's reunification never changes, and made it clear that we will make every effort to achieve the reunification of the country in a way of a confederal system based on one nation, one country, two systems, and two governments, according to the three principles of independence, peaceful reunification, and the great national unity.

This principled position clarified by the great leader clearly expresses the firm will of our party and the government of the Republic to hasten the independent and peaceful reunification of the country in accordance with all the people's desire and intent, no matter how the situation develops.

As the great leader elucidated in his New Year's address, the principled position of our party and the government of the Republic regarding the fatherland's reunification, a brilliant road has indeed opened for us to vigorously accelerate the cause of the fatherland's reunification by overcoming difficulties in the course of reunification.

Our party and the government of the Republic will make every effort to realize the cause of fatherland's reunification in the nineties under the banner of the 10-point program of the great unity of the whole nation for the reunification of the fatherland presented by the great leader. It is the destiny of the fatherland, the nation, and all our people at home and abroad.

I fervently appeal to the 70 million compatriots in the North, the South, and overseas, who love the country and the nation, to launch vigorously into the nationwide struggle to realize the fatherland's reunification based on the confederal system, firmly united as one under the banner of the 10-point program of the great unity of the whole nation for the reunification of the fatherland and upholding the policy on the fatherland's reunification that the great leader elucidated in his New Year's address.

I also expect the progressive people of the world, who value justice and peace, to completely support and encourage the Korean people's struggle for the country's reunification.

KCNA on Vice President's Comments

SK0401051394 Pyongyang KCNA in English 0424
GMT 4 Jan 94

[Text] Pyongyang, January 4 (KCNA)—“The principled stand of the Workers' Party of Korea on national reunification indicated by the great leader Comrade Kim Il-sung in the historical New Year address is a highly important guideline whereby to overcome difficulties lying in the way of national reunification for the present and successfully pushing ahead with the cause of reunification with the internal force of the nation”, declares

Pak Song-chol, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president, in his statement Monday.

"The great leader in his New Year address elaborated on the sincere efforts made by our party and the government of the Republic to pave the way for national reunification by the united strength of the nation last year and reiterated the principled stand of our party on the reunification of the country," Pak says, and continues:

"In the New Year address the great leader stressed that the principle and the line of our party and the government of the Republic on national reunification remain unchanged, declaring that we will make every effort in the future, too, to reunify the country by a confederacy formula based on one nation, one state, two systems and two governments, on the three principles of independence, peaceful reunification and great national unity.

"This principled stand clarified by the great leader clearly manifests the unshakable will of our party and the government of our Republic to bring an early realisation of the independent and peaceful reunification of the country in compliance with the desire and will of the whole nation in disregard of the change of the situation.

"Our party and the government of our Republic will make maximum efforts to accomplish the cause of national reunification in the 90s under the banner of the 10-point programme of the great unity of the whole nation put forward by the great leader."

Pak earnestly calls upon the 70 million fellow countrymen in the North, South and overseas to courageously turn out in a nationwide struggle for reunifying the country by the confederacy formula, united as one under the banner of the 10-point programme of the great unity of the whole nation in hearty response to the policy of national reunification laid down by the great leader in the New Year address.

He expresses the expectation that the world progressives will extend full support to the Korean people in their struggle for the reunification of the country.

Industry, Energy Officials Respond

SK0301061094 Pyongyang KCNA in English 0512 GMT 3 Jan 94

[Text] Pyongyang, January 3 (KCNA)—The New Year address of the great leader President Kim Il-song has evoked widespread repercussions upon the people.

Chang Si-pom, secretary of the party committee of the State Commission of Light Industry, said that the New Year address of the respected leader President Kim Il-song is a militant banner which indicates the path of leading the cause of socialism, the cause of *chuche*, from one victory to another under the fast-changing situation.

Noting that the New Year address powerfully inspired the party members and other officials of the commission responsible for the development of the nation's light industry, he said: "We will conduct the party work in a fresh and ambitious manner as demanded by the *chuche*-based theory and method of party work so as to make a positive contribution to carrying into a brilliant reality the far-reaching plans and intentions of President Kim Il-song and the dear leader Comrade Kim Chong-il."

Kim Pong-chu, chairman of the Anak County, South Hwanghae Province, Cooperative Farm Management Committee, had this to say:

"The great leader President Kim Il-song in his New Year address put forward a militant task to consolidate the successes achieved in the irrigation and electrification of the rural areas, raise the level of mechanization and application of chemicals, implement the *chuche* farming method thoroughly and thus boost grain and all other agricultural production this year, a meaningful year which will mark the 30th anniversary of the publishing of the socialist rural theses.

"Our county will produce 50,000 more tons of grain than last year by cultivating crops as required by the *chuche* farming method."

Han Chang-kon, vice-chairman of the State Commission of the Electric Power Industry, said:

"It is a task before the officials and working people of our electric power industry to strongly support the party's strategic agriculture-first, light-industry-first and foreign trade-first policy with an increased production of power.

"We officials of power industry will launch a powerful production drive, giving precedence to the political work in accordance with the requirements of the T'aean work system and thus make a better contribution to making the party's revolutionary economic strategy bear fine fruits."

Officials Resolve To Achieve Goals

SK0401105094 Pyongyang KCNA in English 1006 GMT 4 Jan 94

[“Officials Resolved To Thoroughly Implement Tasks Set Forth by President Kim Il-song in New Year Address”—KCNA headline]

[Text] Pyongyang, January 4 (KCNA)—The working people across the country are overwhelmed with emotion and joy upon receiving the New Year address of the great leader President Kim Il-song.

Pak Won-pyo, vice-chairman of the State Planning Commission, said he would strive to make a new advance in planning by doing this work effectively for the thorough implementation of the agriculture-first, light industry-first and foreign trade-first policy.

Yim Chang-tok, vice-chairman of the State Agricultural Commission, said: "We will demonstrate once again the true advantages of our socialist agricultural system with a bumper crop in this meaningful year marking the 30th anniversary of the publishing of the rural theses by displaying the revolutionary spirit of self-reliance and fortitude to a higher degree."

Cho Chong-ung, vice-minister of the local industry, said:

"In this year, the first year of adjustment, we will improve, reinforce and modernize the local industrial factories and adopt active measures for the supply of raw materials so as to keep the production of consumer goods on a high level."

Kang Tong-kun, vice-president of the Academy of Sciences, said that the scientists and technicians, upholding the revolutionary economic strategy of the party, would direct efforts this year to the successful resolution of scientific and technical problems arising in implementing the agriculture-first, light industry-first and foreign trade-first policy.

Choe Chang-kol, secretary of the South Pyongan provincial committee of the Workers' Party of Korea, said:

"Our party members and working people will thoroughly carry out the tasks set forth in the New Year address and thus deal a hard blow once again to the imperialists and reactionaries manoeuvring to stifle our socialism and fully display to the world the invincible might of our revolutionary ranks in which the leader, the party and the masses are united singleheartedly."

PAF Ministry Hosts Cocktail Party on New Year

*SK3112045693 Pyongyang KCNA in English 0419
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The Ministry of People's Armed Forces [PAF] gave a cocktail party Thursday evening for the military attaches of different embassies here on the occasion of the New Year 1994.

Present at the party together with the guests were Kim Chong-kak, Vice-Minister of People's Armed Forces, General Chon Chae-son and other generals and officers of the Korean People's Army.

Speeches were made there.

Foreign Diplomats Send Flowers to Kim Il-song

*SK3112113793 Pyongyang KCNA in English 1051
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—Foreign diplomatic envoys in Korea presented floral baskets, gifts and congratulatory letters to the great leader President Kim Il-song on the occasion of the New Year 1994.

Floral baskets, gifts and congratulatory letters were handed to officials concerned by diplomatic envoys of

Cuba, India, Ethiopia, Libya, Vietnam, Mongolia, Algeria, Egypt, Russia, Bulgaria, Romania, Poland, Nigeria, the Czech Republic, Indonesia, Syria, Palestine, Yemen, Pakistan, Iran, Yugoslavia and Hungary and the acting representative of the German interest section, the UN Development Programme Mission and its resident representative.

President Kim Il-song received a gift and a congratulatory letter from the military attache of the Egyptian Embassy and a floral basket and a congratulatory letter from Candelaria Rodriguez, a Cuban woman lawyer on a visit to Korea.

Kim Chong-il Receives Flowers

*SK3112113993 Pyongyang KCNA in English 1058
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—Foreign diplomatic envoys in Korea presented floral baskets, gifts and congratulatory letters to the dear leader Comrade Kim Chong-il on the occasion of the New Year 1994.

Floral baskets, gifts and congratulatory letters were handed to officials concerned by diplomatic envoys of Cuba, India, Ethiopia, Libya, Vietnam, Mongolia, Algeria, Egypt, Russia, Bulgaria, Romania, Poland, Nigeria, the Czech Republic, Indonesia, Syria, Palestine, Yemen, Pakistan, Iran, Yugoslavia and Hungary and the UN Development Programme Mission and its resident representative.

Comrade Kim Chong-il received a gift and a congratulatory letter from the military attache of the Egyptian Embassy and a floral basket and a congratulatory letter from Candelaria Rodriguez, a Cuban woman lawyer on a visit to Korea.

Foreign Leaders Greet Kim Il-song on New Year

*SK0401045994 Pyongyang KCNA in English 0405
GMT 4 Jan 94*

[Text] Pyongyang, January 4 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received messages of greetings from Borhanoddin Rabbani, president of the Islamic State of Afghanistan; Maaouiya Ould Sid 'Ahmed Taya, president of the Islamic Republic of Mauritania; Adunyadet Phumiphon, king of Thailand; Miguel Trovada, president of the Democratic Republic of Sao Tome and Principe; Blaise Compaore, president, head of state and chairman of the Council of Ministers of the Republic of Burkina Faso; and Obiang Nguema Mbasogo, president and head of state of the Republic of Equatorial Guinea and founder-chairman of the Democratic Party of Equatorial Guinea, on the New Year 1994.

They in the messages expressed the belief that the friendly and cooperative relations between Korea and their countries would expand and develop in the interests of the peoples.

The great leader President Kim Il-song received messages on the New Year also from Renan Raffo Munoz, general secretary of the Central Committee of the Peruvian Communist Party, and Guillermo Herrera Montecinos, its international secretary; Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland); Trino Melean, secretary general of the Central Committee of the Communist Party of Venezuela; Argelia Raya, president of the Movement to Socialism of Venezuela; and Betty Frydensbjerg Carlsson, chairman of the Communist Party of Denmark.

A message came to President Kim Il-song from the Central Committee of the October 8 Revolutionary Movement of Brazil.

Economic Corps Greets Kim Il-song on New Year
SK3112112193 Pyongyang KCNA in English 1040
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—A floral basket and a congratulatory letter were sent to the great leader President Kim Il-song by the economic and commercial councillors' corps here on the occasion of the New Year 1994.

Yevgeniy Bilim, commercial representative of the Russian Embassy, and doyen of the corps, conveyed the floral basket and the letter to an official concerned on December 31.

Sends Greetings to Kim Chong-il

SK3112112393 Pyongyang KCNA in English 1043
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—A floral basket and a congratulatory letter were sent to the dear leader Comrade Kim Chong-il by the economic and commercial councillors' corps here on the occasion of the New Year 1994.

Yevgeniy Bilim, commercial representative of the Russian Embassy and doyen of the corps, conveyed the floral basket and the letter to an official concerned on December 31.

Kim Chong-il Thanks Units, Officials, Workers
SK3112110193 Pyongyang KCNA in English 1014
GMT 31 Dec 93

[Text] Pyongyang, December 31 (KCNA)—The dear leader Comrade Kim Chong-il extended thanks to the Ministry of Forestry and officials and working people under it who had made continued innovations in production, true to the chuche-based forestry policy.

And he sent his thanks to the party cell members of the materials supply agency of the Ministry of Railways, to the direct sales store of the Nakwon general bureau, employees of Pyongyang Koryo Hotel and Haebangsan Hotel, a conductor of the Pyongyang Railway Station

and a dispatcher of the Pyongyang Passenger Trains Corps who had fully displayed beautiful communist traits.

His thanks also went to the members of the Changjin section workteam of the Yonggwang Railway Section crew and their families who had reliably protected and cared for railways, to scientists of the solid-state dynamics room of the Mathematics Institute of the Academy of Sciences who had contributed to opening a prospect for increased production of fertilizers, to primary-level propagandists and working people of different units.

Nationwide 'Bumper Harvests' in 1993 Reported
SK0401151294 Pyongyang KCNA in English 1506
GMT 4 Jan 94

[“Bountiful Results in Agriculture”—KCNA headline]

[Text] Pyongyang, January 4 (KCNA)—Korea's agriculture brought a bountiful results last year.

More than 8 tons of rice was reaped from each hectare on an average. The yield of grain swelled by 10,000 tons, 18,000 tons or 21,000 tons on each farm and a county turned out 30,000, 40,000 or 50,000 more tons of grain than last year.

Bumper harvests were reported from different parts of the country from Yoldusamcholli, Yonpaek and Unjon plains, granaries on the west coast, to Paektusamcholli plain of the northern highland.

Last year witnessed bumper harvests at all rural communities in plains, intermediary and mountainous areas and an unprecedented rich harvest in the leading granaries of the country in particular.

The June 3 cooperative farm in Onchon County, the Ansok and many other cooperative farms with tideland-reclaimed fields, not yet known for high yield of grain per hectare, brought in more than 8 tons per hectare.

A signal success was also made in fruit production. Last year the production increased 30 percent over the figure of the previous year.

Cooperative farms throughout the country markedly increased the production of vegetables by sowing high-yield seeds on the principle of cultivating right crop in right area and right time and making an effective use of irrigation facilities.

The Mangyongdae cooperative farm in mangyongdae district, Pyongyang, produced 270 tons of autumn vegetables from each hectare on an average and the Haksan cooperative farm in Hyongjesan district 250 tons.

The Taehongdan county integrated farm in Yanggang Province, a highland that was supplied with vegetables

from other areas in the past, is now self-sufficient in watermelon, melon, tomato, cabbage, paprika, Korean cabbage, etc.

The production of cocoon, meat and eggs increased, too.

The state plans last year were fulfilled at 104 percent in cocoon, 101 percent in meat and 102 percent in eggs.

Scientists Develop New Fodder for Livestock

*SK0301150694 Pyongyang KCNA in English 1501
GMT 3 Jan 94*

[Text] Pyongyang, January 3 (KCNA)—Korea produced a cellulose albuminous fodder highly effective in economy.

The fodder, rich in protein, consists of different nutrients needed for accelerating the growth of livestock.

Particularly, it contains more ferment, vitamin and other activated materials than other fodder.

The albuminous fodder increases the daily growing rate of pig or duck 20 percent higher than other fodder.

The quantity of fodder consumption is notably diminished and the rate of protein digestion rises by far.

The fodder is made from rice straw, cornhusk, corncob, sawdust and other cellulose materials by a diastatic method.

150 or 200 kilograms of albuminous fodder, 30 kilograms of microbial protein and some alcohol are obtained from one ton of cornhusk.

The cellulose albuminous fodder, which has been rapidly introduced in stockbreeding in Korea, was developed by the scientists and technicians of the protein synthesis section under the Institute of the Industrial Microbiology of the Academy of Sciences.

NODONG SINMUN Calls for Reunification

*SK3112105793 Pyongyang KCNA in English 1026
GMT 31 Dec 93*

[Text] Pyongyang, December 31 (KCNA)—The confirmation of the 5,000 years long history of the Korean nation and its father through the unearthing of the Tomb of Tangun is a marvelous event that brilliantly adorned the first page of the nation's history which had long remained a blank, says NODONG SINMUN in a by-lined article.

The article continues:

It was proved again that the Korean people with Tangun as their father are a homogeneous nation proud of having lived with the same blood, the same language and same cultural tradition for 5,000 years. This has further hardened the will of the fellow countrymen to put an end to the division of the country at an early date and live as the

same nation in a unified country and also brightened the prospect of national reunification.

Only when all the Koreans in the North, South and overseas achieve great unity of the whole nation, irrespective of their ideology, idea, political view and religious belief, can our nation establish a unified state and live a harmonious life as it did before.

The situation prevailing in Korea raises to the fellow countrymen serious issues—whether they will prolong the national division forced by outside forces and antagonize and confront with each other to fall a prey to outside forces or unite with each other to defend the dignity of the nation and pave the way of national reunification.

Under no circumstances we can make a choice to invite self-destruction through a fratricidal war and allow outside forces to profit therefrom.

It is the only choice for our nation to reunify the country with great national unity. And it is also the only way for coprosperity of the North and the South as the same nation.

The pride of the homogeneous nation that has been maintained for 5,000 years with Tangun as its father and the common desire of the nation for reunification—this is a source for uniting the whole nation closely on the road of national reunification.

It is the unshakable will of the fellow countrymen that if they achieve great unity of the whole nation with the pride of the homogeneous nation, they would be quite able to repulse aggression and interference by outside forces, smash pressure by big powers and win national reunification in the '90s.

All the Koreans in the North, South and overseas will reunify the country through the establishment of a pan-national unified state, independent, peaceful and neutral, in the '90s, closely rallied under the banner of the 10-point programme of the great unity of the whole nation with the pride of the homogeneous nation, thus adding shine to the 5,000 years long history of Tangun Korea.

Achievements of Different Sectors Highlighted

*SK0301111194 Pyongyang KCNA in English 1039
GMT 3 Jan 94*

[Text] Pyongyang, January 3 (KCNA)—Great achievements have been reported from different sectors of the national economy in Korea in the new year.

The Kim Chaek iron and steel complex turned out much more molten iron than the assignment on the first day of the new year. Its furnacemen have increased the production of iron per charge 20 percent as against the previous, cutting the time of melting 30 minutes.

The Sangwon cement complex overfulfilled the first day's assignment by more than 20 percent by operating all the automated kilns and equipment in full capacity.

The Pyongyang and Pukchang thermal power complexes have kept all the equipment in full-capacity operation to effect a great upswing in power production.

The railway transport plan has also been overfulfilled from the first day.

The General Bureau of Western Railways surpassed by far its transport quotas. Over 10,000 more tons of freight were carried on the first day than the rated traction tonnage.

Talk Discusses Indoctrination in Chuche Idea

*SK0401060194 Pyongyang Korean Central
Broadcasting Network in Korean 1230 GMT 3 Jan 94*

[Unattributed talk: "Indoctrination in the Chuche Idea Is an Indoctrination To Strengthen the Main Force of the Revolution"]

[Text] Our party's indoctrination in the chuche idea is basically aimed at strengthening the main force of the revolution. In other words, the indoctrination in the chuche idea, including indoctrination in the principle of the chuche idea, indoctrination in class character, indoctrination in the revolutionary tradition, indoctrination in party policies, and indoctrination in socialist patriotism, is an ideological indoctrination to strengthen the main force of the revolution by firmly arming our party members and working people with a chuche-oriented revolutionary view of the world.

The dear leader Comrade Kim Chong-il has indicated: The basic purpose of the indoctrination in the chuche idea is, in a nutshell, to guarantee unity of ideological will in the revolutionary ranks by arming the popular masses, who are the main force of the revolution, with a revolutionary independence ideology and to lead the popular masses to maintain the position as masters and to play the role as masters in the revolution and construction.

Now, let us discuss why the indoctrination in the chuche idea is an indoctrination to strengthen the main force of the revolution. It is because the primary purpose of the indoctrination in the chuche idea is to guarantee unity of ideological will in the revolutionary ranks by arming the popular masses with a revolutionary independence ideology. The mission of the working class' party is to successfully push ahead with the revolution and construction and, thus, to completely realize independence of the working masses of people. In order to do this, it is imperative not only to achieve the cause of national liberation and class liberation, but also to consummate the cause of socialism and communism. For this end, it is necessary to have the inexhaustible strength capable of pushing ahead with and consummating these causes. The source of the inexhaustible strength lies in that all the

people firmly unite around the party and the leader [suryong] with one ideological will. However, such unity does not come spontaneously. To achieve firm unity in the revolutionary ranks it is imperative to see to it that only one ideology prevails in the ranks. Only by doing so can unity of ideological will be achieved and great strength be displayed in the revolutionary ranks.

However, even though one ideology prevails in the revolutionary ranks, firm unity is not achieved spontaneously. Only the revolutionary ideology of the working class' leader [suryong], that is, the revolutionary ideology which most thoroughly and correctly reflects the independent demands and interests of the working masses of people, should prevail in the revolutionary ranks. The chuche idea is a revolutionary independence ideology, which most correctly and thoroughly reflects and has codified the independent demands and interests of the working masses of people. Therefore, there is no mightier ideology than the chuche idea in realizing unity and cohesion of the revolutionary ranks. The popular masses can firmly unite around the party and the leader [suryong] and display mighty strength only when they arm themselves with the chuche idea. Accordingly, guaranteeing unity of ideological will of the revolutionary ranks by firmly arming the popular masses with the revolutionary independence ideology is the primary purpose of our party's indoctrination in the chuche idea.

That the indoctrination in the chuche idea is an indoctrination to strengthen the main force of the revolution is also because the primary purpose of the indoctrination in the chuche idea leads the popular masses to maintain the position as masters of and to play the role as masters of the revolution and construction. The revolution is carried out by the working masses under the leadership of the party and the leader [suryong]. Therefore, to properly carry out the revolution and construction it is imperative for the popular masses to assume the attitude of being masters of the revolution and construction. The same may be said of the case of a household. Only when all members of the household, not only the housewife, manage household affairs with the position and attitude of being the housewife of the household can the household affairs be properly managed. Likewise, to successfully carry out the revolution and construction it is imperative for the popular masses, who are the people in charge of the revolution and construction, to thoroughly adhere to the position as masters and to smoothly play the role as masters.

To see to it that the popular masses maintain the position as masters in the revolution and construction and play the role as masters, it is imperative to strengthen among them ideological indoctrination work to enhance the awareness of being masters. The chuche idea demands that the popular masses have the attitude of being masters in the revolution and construction. When people firmly arm themselves with the chuche idea they can not only adhere to their independent and

creative position, but also maintain the position as masters and display the role as masters in the revolution and construction.

In this way, leading the popular masses to have the attitude of being the master in the revolution and construction is not only the inherent demand of the revolutionary struggle itself, but also the inherent demand of the *chuche* idea. Herein lies the reason why the indoctrination in the *chuche* idea is an indoctrination to lead the popular masses to maintain their position as masters of and to play the role of masters of the revolution and construction. In this way, the indoctrination in the *chuche* idea, including indoctrination in the principles of the *chuche* idea, indoctrination in party policies, indoctrination in socialist patriotism, and indoctrination in class character, is the indoctrination to strengthen the main force of the revolution.

As the dear leader Comrade Kim Chong-il has systematized scientifically and theoretically that the indoctrination in the *chuche* idea is an indoctrination to strengthen the main force of the revolution and has clearly elucidated the overall task and direction of ideological indoctrination work a guiding principle which makes it possible to further strengthen and develop ideological indoctrination work among party members and the working people has been provided.

South Korea

U.S.-DPRK Contact Expected 'This Week'

SK0401010094 Seoul YONHAP in English 0045 GMT
4 Jan 94

[Text] Washington, Jan. 3 (YONHAP)—The United States and North Korea are expected to hold an unofficial working-level contact this week to wrap up their negotiations on inspection of North Korean nuclear facilities, diplomatic sources said Monday.

The United States will then hand over detailed plans for inspection to the International Atomic Energy Agency (IAEA) for it to work out with North Korea, the sources said.

White House spokeswoman Dee Dee Myers, meanwhile, told her weekly press briefing Monday that the talks between the United States and North Korea were making "good progress, and we'll have an announcement...hopefully soon."

"We continue to insist on full inspections," Myers said. "We think we're going to get inspections, and we will continue to work with the North Koreans as we work toward a final resolution of this."

Although there had been some progress in the U.S.-North Korean talks, they were by no means completed, Myers said.

"As Secretary (of State Warren) Christopher said last week, that we're moving toward inspection," she said. "That's important."

Asked about North Korean President Kim Il-song's New Year's Day statement that the North Koreans had reached some sort of agreement with the United States, Myers said, "I think that that's the status of the dialogue now. We are still in dialogue. So, I don't want to suggest that it's completed. But I think President Kim sort of indicated that there will be inspections."

In this connection, the diplomatic sources said that the United States had wanted to conclude its negotiations on inspections on all seven nuclear sites before 1993 was over, but because of some differences of opinion that cropped up in the final stage, they had to be carried over to new year. Therefore, the United States and North Korea will hold another contact in New York this week to work the differences out, they said.

Unless North Korea comes up with unexpected conditions, the two sides will be able to decide on the venue for talks between North Korea and the IAEA, they said, indicating that the site of North Korean-IAEA meeting had been the stumbling block.

As soon as the IAEA inspection gets underway, the United States will directly announce the date for a third round of U.S.-North Korean high-level talks and the suspension of the "Team Spirit" military exercise with South Korea.

The announcement will also contain a virtual agreement between the United States and North Korea on the nuclear issue, the sources said.

As for the venue for North Korea-IAEA talks, the possibility cannot be ruled out that the two sides can decide on it through a telephone contact, the sources said. But the sources said they could not be optimistic about the outcome of the IAEA-North Korea talks since Washington and Pyongyang have not worked out details on the IAEA's regular inspection.

Over at the State Department, meanwhile, spokesman Mike McCurry told his weekly briefing that the dialogue between the United States and North Korea "certainly made some progress and we expect to continue our discussions."

Asked to clarify the North Korean Foreign Ministry statement that the talks had made "a breakthrough," McCurry said, "I'm not sure we said anything as staggering as 'breakthrough'."

With regard to Kim Il-song's New Year's Day message on a joint statement soon to be issued, McCurry said he believed what Kim meant was that "there could be progress on this issue through negotiation, and I think that we believe that's an accurate assessment."

Officials Prepare for Better U.S.-DPRK Ties*SK0401081894 Seoul YONHAP in English 0807 GMT
4 Jan 94*

[Text] Seoul, Jan. 4 (YONHAP)—With the United States and North Korea reportedly nearing agreement on the North Korean nuclear question, South Korean Government officials have begun to work out measures on the assumption that the issue will be resolved soon.

The Foreign Ministry, which handles the North Korean nuclear problem, is said to expect that Washington and Pyongyang will hold another working-level contact in New York this week to wrap up their negotiations.

But ministry officials are taking the cautious approach as a last-minute glitch could develop in the U.S.-North Korean talks with a change in the ever unpredictable North Korean attitude.

The Seoul Government began to undertake preparations for a working-level contact with North Korea for exchanges of special envoys, if and when the International Atomic Energy Agency (IAEA) is able to send its inspection team to Pyongyang, following negotiations between the IAEA and North Korea.

The government will work on plans for future inter-Korean ties, anticipating improvement in North Korea's relations with the United States and Japan in the event that the North Korean nuclear issue is resolved in the first half of this year.

Foreign Minister Han Sung-chu said Monday that his ministry will map out diplomatic countermeasures because there is a strong possibility that North Korea could improve its ties with the United States and Japan this year.

The South Korean Government has said it would not oppose any improvement of relations between North Korea and the United States or Japan, but Seoul has, in actuality, coolly reacted to any such moves by its traditional allies, according to ministry insiders.

The latest, prevailing way of thinking among Foreign Ministry officials is that Seoul has to work out a policy and consistently follow it since relations between Washington and Pyongyang could improve at an accelerating pace once the nuclear issue is cleared up at a third round of their high-level talks.

Over at the National Unification Board (NUB), meanwhile, officials believe chances are great that the United States and North Korea will reach a complete agreement. Accordingly, they are preparing for conditions that Seoul could table at a working-level inter-Korean contact.

But NUB officials are also "extremely careful" in their approach because there always is a chance that the North Koreans could throw a wrench in their negotiations at the last minute.

Some of the most serious problems that, NUB officials believe, could come up in the inter-Korean working-level contact could be the purpose of the exchanges of special emissaries.

The exchanges of special envoys have been discussed both by South and North Korea. But it has not precisely been defined what they will discuss once the proposed exchanges take place.

One of the main topics South Korea wants them to discuss is simultaneous and mutual inspection of nuclear facilities.

But the NUB officials expect that North Korea could very well counter their proposal with President Kim Il-sung's so-called 10-point program that calls, among other things, for unification through federal system in which two Koreas have one state but two governments.

There indeed are difference of views on the nature of mission of the special envoys, one NUB official admits. But North Korea, nevertheless, recognizes the need for exchanging special envoys, if only because it wants to realize the third round of high-level talks with the United States, he said.

There is a strong possibility that South and North Korea could stand far apart even when they agreed to exchange special envoys.

That is part of the reason NUB officials are at pains to provide viable proposals for simultaneous inspections between the South and North that could be supplementary to IAEA inspections, he added.

Foreign Minister Outlines 1994 Policy Goals*SK0401093594 Seoul SEOUL SINMUN in Korean
4 Jan 94 p 3*

[Article by Foreign Minister Han Sung-chu]

[Text] Many changes took place last year at home and abroad. At home the civilian-led government was inaugurated and new policies and reform were promoted. Internationally, important changes and progress also continued.

In particular, as part of the international society, our country's position and role were newly established. I also believe it was a year in which we were able to feel skin-deep our international responsibility.

Our government established a broad and future-oriented diplomatic line of the so-called "new diplomacy," and promoted various diplomatic policies according to it. In the past, our diplomacy concentrated only on survival and security. However, our diplomacy deviated from it and is now unfolding our diplomacy so that we can actively take part in matters of interest and concern to the world and resolving international issues as well as working for our welfare. President Kim Yong-sam's central role at the Asia-Pacific Economic Cooperation

[APEC] summit and the dispatch of our engineer corps for UN peacekeeping operations symbolically show our new diplomatic efforts.

It is important to view the international environment which we are faced with when we once again assess the direction of our diplomacy for the new year 1994. In a nutshell, while the world is becoming smaller it is moving toward a peaceful period but of fierce competition.

The world is becoming smaller because of developments in the technology of transportation and communication as well as the enhancement of mutual dependency among the countries. Now the world is literally becoming a global village, and it has become an era in which no country in this world can live without interchange with other countries.

After the end of the Cold War, international society was able to free itself from the fear of a great nuclear war which can destroy the whole world, thus making it possible for international society to all the more actively promote peace and reconciliation. Therefore, the interest of the countries are naturally leaning toward the development of the economy and society which gives priority to prosperity and welfare, rather than politics and security. As a result, competition among the countries in the field of economy and communications is becoming fiercer with each passing day, and an era of "unlimited competition" has emerged as the rules for competition has been laid down as a result of the Uruguay Round [UR] negotiations.

Amid this kind of international environment, we can view some essential points on what direction our diplomacy must move toward for 1994. First of all, we can now embody on a full-scale our "new diplomacy" which has established its frame. The five bases of the new diplomacy is globalization, diversification, pluralism, regional cooperation, and future-orientation. The reliability of the five bases is enhancing with the current international trend. Last year was the first year of the new diplomacy. We especially concentrated on globalization. I believe that 1994 will emerge as year in which regional cooperation and pluralism will be important tasks.

A few years ago the arrival of the Pacific era of the 21st century seemed only a figure of speech. However, with the rapid emergence of the Asia-Pacific region, it has now become a fait accompli.

The Asia-Pacific region's cooperation is approaching as our top priority.

The Asia-Pacific cooperative system made steady headway at the Seattle APEC summit. Our country is already playing an initiative role. Also, through the Indonesia APEC summit which is to take place this year, APEC will become our core diplomatic arena. Here we will pursue "open regionalism" and will continue efforts to strengthen cooperation on both sides of the Pacific.

The diplomacy of regional cooperation is important in the field of security. We will participate in the security dialogue which is being carried out centering on the Association of Southeast Asian Nations [ASEAN] and will actively participate in the "multi-faceted security dialogue of Northeast Asia" put forth by us. Countries in this region agree that an institutional device is necessary for cooperation in the security field of this region. When pending issues such as North Korea's nuclear issue is resolved can this kind of cooperation be accelerated.

Strengthening the economic and communications diplomacy is especially important in the process of diversifying the matter of interest and concern of our diplomacy. The World Trade Organization will be inaugurated as a result of the settlement of the UR. Here, we must concentrate our diplomatic strength and play an active role. This is a follow-up measure of the UR. In the process of dealing with various trade issues, our diplomacy in this field is important in reflecting our national interest to the utmost, but it is also necessary in preparing for possible international negotiations such as environmental issues in the future.

The economic diplomacy must also place emphasis on assisting the strengthening of our economy's international competitiveness. To achieve this we must actively use the economic cooperation dialogue organization established with the United States and Japan as a result of last year's summit diplomacy, and exert efforts in the diplomacy for exchange of science and technology and for cooperation in resources.

Amid the worldwide trend of openness, our diplomacy must play the role of being helpful in the internationalization of our overall society. Cultural diplomacy that can promote cultural and human exchanges with various countries and diplomacy to assist Koreans residing overseas are also important. In particular, since this year is "Visit Korea Year," this must be actively used not only in promoting our tourist business but also in cultural exchange and in internationalization.

In unfolding diplomacy according to this kind of direction, we must further strengthen relations with the four big powers as well as our allies and promote friendly cooperation with countries of all regions including Asia, America, Europe, the Middle East, and Africa. Also at time when the role of the United Nations is increasing, we must actively participate in the multifaceted diplomacy centering on the United Nations. We must actively assist and participate in international efforts to jointly deal with worldwide interests such as human rights, wiping out drugs, and assisting refugees. I believe that efforts on the government level as well as through private activities such as by the international cooperative group are important.

There are other pending issues that our diplomacy must resolve. A main example is North Korea's nuclear issue. North Korea's nuclear issue is the greatest barrier in

promoting our future-oriented new reunification diplomacy. This must be urgently resolved for peace and security on the Korean peninsula as well as on the whole area of Northeast Asia. I hope that in the new year such South-North relations can be overcome so that we can move toward the road of peaceful co-existence and reunification.

Frequently people compare today's international situation on the Korean peninsula to the situation of the late Yi dynasty. If we can learn a lesson from history it will be that of not repeating our wrongdoings. We failed to make a wise selection at the crossroads of opening up and closing our doors to the outside world. We paid a dear price from the late 19th century to the early 20th century. We are faced with another selection with the opportunity of making a leap forward. We must wisely and courageously move toward openness and internationalization to choose a bright future for our nation.

Research Report Assesses North-South Relations

*SK0401142194 Seoul CHUNGANG ILBO in Korean
4 Jan 94 p 11*

[Article by reporter O Yong-hwan on the research report "The Environment for Reunification and North-South Relations," issued on 3 December by the Research Institute for National Reunification, affiliated with the National Unification Board (NUB)]

[Text]

The World Situation

The world order will further assume an aspect of multilateralism in 1994. Accordingly, it is expected that the United States will be in favor of the trends toward pluralism; that the regional powers' right of speech will be strengthened; and that the roles of international institutions and international organizations, including the United Nations, will be enhanced.

Powerful countries will constantly make efforts for disarmament, including cutting nuclear weapons. However, the regional arms race will be intensified, because uncertainty may take place as a result of the weakening of the influence of the United States and Russia. In this connection, the need for multilateral cooperation to cope with the issue concerning regional security will be raised.

In particular, because of the relative economic stagnation of the United States and the European Community (EC) and because of the rapid economic growth of the East Asian countries, the world order cannot but become more multilateral.

It is expected that the settlement of the Uruguay Round (UR) negotiations and the establishment of the World Trade Organization (WTO) will promote the free trade system in the international economic order.

In addition, as the atmosphere for security and economic cooperation is heightened in international society, international concern and cooperation toward the environment, narcotics, and terrorism—the factors traditionally irrelevant to security—will be increased.

Accordingly, in order to stably manage the world's security, economy, and other factors traditionally irrelevant to security, international society's cooperation and the leadership of advanced countries, including the United States, will be more necessary.

The Situation of Northeast Asia

The factors of constant tension—including the enhanced roles of Japan and China, the regional arms race, the instability of Russia, and the North Korean nuclear issue—exist in Northeast Asia.

However, the relations among the four powers in the region, which have been important in stabilizing the regional order, will be improved. Accordingly the atmosphere for cooperation among the four powers will be maintained.

In connection with the issue concerning security, it is expected that U.S.-Chinese relations, Japanese-Chinese relations, and U.S.-Japanese relations, which have become three pivots in maintaining the Northeast Asian order since the end of the Cold War, will be developed to promote cooperation.

In particular, because since September 1993, the United States has strengthened cooperation with China, including the revision of a hard-line policy against China and because China has also positively promoted the improvement of its relations the United States, there will be considerable progress in U.S.-Chinese relations this year.

The Atmosphere for Cooperation Among the Four Powers Will Be Maintained

Taking into consideration the roles of the United States and China in Northeast Asia, the improvement of the relations between the two countries will have a positive influence on the stability of the regional situation.

It is expected that because of the settlement of the UR negotiations and because of the agreement on establishing the Trade and Investment Committee in the Asia-Pacific Economic Cooperation (APEC), economic exchange among the Northeastern Asian countries will be further expanded.

However, because the United States may put more market-opening pressure on regional countries which may enjoy great economic booms, trade friction between the United States and regional countries may take place.

It is expected that such an atmosphere in Northeast Asia will have a positive influence on the reunification environment rather than a negative influence.

The development of relations among the four powers—United States, Japan, China, and Russia—will contribute to resolving North Korea's nuclear issue and establishing peace in the region. The development of the relations among the four powers will play a positive role in leading North Korea to open its door.

The fact that the neighboring four powers are in favor of maintaining the present situation on the Korean peninsula while North Korea wants to resolve the issue concerning the Korean peninsula, including the nuclear issue, through negotiations with the United States rather than direct negotiations with the ROK, may be a stumbling block to improving North-South relations.

North Korea's Inner Situation

Above all, it seems that in political domains, North Korea will constantly intensify the unity around the leader [suryong] and the implementation of the 10-point program of great unity of the whole nation.

To consolidate the system for Kim Chong-il's power succession, North Korea will constantly strengthen its idolization work for Kim Chong-il. Accordingly, there is a possibility that Kim Chong-il may be appointed chairman of the party military commission.

Internally, as to the issue concerning the agriculture-first, light industry-first, and trade-first economic policies, North Korea may fully encourage farmers and workers to invigorate the stagnant economy. Externally, North Korea may promote a limited openness to induce foreign capital and technology.

At the same time, it is expected that to minimize a bad influence caused by the change of the neighboring environment, North Korea may fully hold rallies of all kinds of social organizations in a bid to strengthen internal social control.

The Strengthening of Internal Social Control

However, because of the influx of overseas information through openness, social and economic deviation may be increased gradually in North Korea.

In the meantime, it is expected that regardless of economic stagnation, North Korea may adhere to a policy giving priority to the Army to strengthen Kim Chong-il's authority.

North Korea's External Relations

Based on their traditional friendly relations, North Korea and China will continue to strengthen political relations, economic exchange and cooperation, and military exchange. However, to promote sustained economic development, China may seek to change benefactor-type relations based on ideology into give-and-take cooperative relations.

North Korean-U.S. relations will depend upon the progress in the negotiations over North Korea's nuclear

issue. Taking into consideration the two sides' will to avoid catastrophe, North Korean-U.S. relations may be positively developed.

Accordingly, it seems that North Korea and the United States may discuss the issue of enhancing the dialogue level according to the holding of the third round of the North Korean-U.S. high-level talks, the issue of promoting economic cooperation, and the issue of expanding the exchange of people.

The rapid development of North Korean-Russian relations may be difficult. However, according to Russia's policy based on actual interest, the economic exchanges between the two countries will be improved gradually. At the same time, regardless of the readjustment of the military allied relations, military exchange and cooperation will be maintained between North Korea and Russia.

North Korean-Japanese relations will be improved politically and economically both.

In particular, it seems that the North Korean-Japanese negotiations to establish diplomatic relations, which have been brought to a deadlock since the eighth round of the talks, will be resumed. Accordingly, the economic exchange between the two countries may become actually brisk.

North Korea's Strategy Toward the South

This year, there may be not a considerable change in North Korea's strategy toward the South, including its existing policy on the theory of excluding the South Korean Government and its reunification tactics.

Accordingly, North Korea will denounce the South Korean Government by using various propaganda means and will constantly agitate the National Alliance for the Country's Reunification, the National Alliance of Youths and Students for the Country's Reunification, and the Alliance for the ROK Youths. However, because the ROK movement circles have been weakened since the civilian government was launched, because the United States and Japan have put pressure on North Korea to resume North-South dialogue, and because the neighboring environment has changed, North Korea may attempt to change its tactics while adhering to its basic strategy of revolutionizing the South.

In other words, as a tactic for holding the third round of the North Korean-U.S. high-level talks, North Korea may propose that "the pannational council for forming a reunified state" in which the South Korean Government and other figures of all strata participate be formed.

In addition, it is highly likely that as a tactic for demonstrating its legitimacy, North Korea may propose that "a scholastic fact-finding team for King Tangun," in which the South Korean Government figures and other figures from all strata participate, be formed.

North-South Relations

Above all, it seems that even though a point of compromise may be found through North Korea's acceptance of the ad hoc inspections by the International Atomic Energy Agency (IAEA) in 1994, the stage for ensuring the transparency of the nuclear issue will not be reached.

Accordingly, it is highly likely that North Korea's nuclear issue will be a stumbling block to improving North-South relations this year.

As to North-South dialogue, various issues which have been caused by the North Korean systems unrest, the nuclear issue, and the North's hard-line policy toward the South, may make it difficult to reach a point for North-South reconciliation.

In connection with North-South dialogue, in case North Korea accepts the IAEA's inspections, the North and the South will promote talks to exchange special envoys. However, taking into consideration North Korea's pretentious dialogue strategy, it is highly likely that in connection with the issue concerning the exchange of special envoys, North Korea may avoid discussing agenda related with nuclear issues, including North-South mutual inspections.

In addition, even though North-South dialogue is resumed to reopen the channel for North-South high-level talks and to implement the North-South Basic Agreement, North Korea may avoid implementing the basic agreement. This is because North Korea has actually denied the channel for high-level talks through its proposal for the exchange of special envoys and it is concerned about the possibility of unrest caused by brisk exchange and cooperation.

Accordingly, even if a point of compromise is smoothly reached in North Korean-U.S. negotiations, the stage for fully implementing the basic agreement may not be reached.

North-South economic exchange and cooperation will depend upon the progress of the negotiations over the nuclear issue. However, if North Korea assumes the attitude to accept nuclear inspection, North-South economic exchange and cooperation will be brisk.

Even if North-South economic exchange becomes brisk, taking into consideration North Korea's lack of foreign currency and the backwardness of its production capacity, the rapid development of North-South economic cooperation may be difficult. However, it is expected that if processing-for-wages trade [imgagong kyoyok] smoothly develops, the North and the South will launch a small-scale joint venture in the light industry field at the Nampo industrial complex.

North-South social and cultural exchanges may be expanded gradually. However, it is highly likely that North Korea may avoid discussing and delaying the issue concerning separated family members.

Government Stand on DPRK Nuclear Issue Viewed

SK0401100194 Seoul SEOUL SINMUN in Korean
4 Jan 94 p 6

[Text] The government's view of the North Korean nuclear issue seems to have become more optimistic than ever this new year. Establishment of diplomatic relations between the United States and North Korea and between Japan and North Korea has emerged to be a new issue under the precondition of solution of the North Korean nuclear question.

The government believes the North Korean nuclear issue will be resolved no later than the end of the first half of the year. Accordingly, it considers North Korea's establishment of diplomatic relations with the United States and Japan to be the most important issue for this year and is preparing various measures for this.

This viewpoint of the government is based on the situation providing three amicable conditions [segaji uhojok sanghwang]. First, the United States and North Korea have nearly reached an agreement on the point at issue, that is, nuclear inspections by the International Atomic Energy Agency [IAEA] and resumption of South-North dialogue. North Korea has reportedly decided to allow the IAEA's ordinary [tongsang] inspections of its seven reported facilities and to accede to South-North dialogue.

The United States and North Korea have already agreed to the method of lump-sum solution which requires, along with nuclear inspection, North Korea to resume working-level contacts for the envoy exchange between South and North Korea, the United States to release its schedule for the third high-level talks with North Korea, and the ROK to announce the suspension of the Team Spirit exercise in this new year. This means no further revised proposal is available as the sides have extremely narrowed their differences.

Second, North Korea has recently shown a series of changes in its reaction. In Kim Il-song's New Year address following the North Korean Foreign Ministry spokesman's 30 December statement, North Korea considered an agreement between the United States and itself to be an established fact. The government analyzed this as North Korea's new attitude that it had never showed in the past.

Secret changes inside North Korea are worth watching in connection with this. In particular, North Korea admitted the failure of its economic development plan in the Supreme People's Assembly's [SPA] meeting held last month. It has also rearranged its internal system by deploying key members for South-North dialogue at the front. The government attaches significance to this fact. It believes that North Korea has closely analyzed the effectiveness of the nuclear card during the meeting. After the SPA meeting, North Korea changed its inactive attitude toward dialogue with the United States, which was just aimed at avoiding sanctions

by the United Nations, and is now very active in dialogue with the United States. The government noted that this change was a result of North Korea's reflection on its nuclear policy.

A senior official of the government analyzed, "The North Korean nuclear card ends in failure. If North Korea had not used the nuclear card, it could have achieved an earlier establishment of diplomatic ties with the United States and Japan." He views that as North Korea came to know this well, the nuclear issue will be resolved after passing its final crisis in the first half of this year. No matter what the reason was, the United States and North Korea have reached an agreement to resolve the issue by making mutual concessions at the critical moment that required them to choose dialogue or sanctions. Observers say that a U.S.-North Korean agreement has been made though it has not yet been announced, and anticipate that things will go on in the following order: negotiations between the IAEA and North Korea on the nuclear inspection, an IAEA inspection team's visit to North Korea for the nuclear inspection, suspension of the Team Spirit exercise, an envoy exchange between South and North Korea, and the third round of U.S.-North Korean high-level talks. Further, it is expected that South-North summit talks will be held when the nuclear issue is nearly resolved.

President Kim Yong-sam said that "the North Korean nuclear issue will be resolved early this year," and that "an important turning point will be prepared in the new year," based on this viewpoint.

It is true that the North Korean nuclear question has now entered a stage of a smooth solution. It is a prevailing observation that the Korean peninsula will ride on the thawing tide. However, how long this trend will be maintained is still unclear because many potential obstacles still remain. In particular, the special [tukpyol] inspection issue to be discussed in the third round of U.S.-North Korean talks is delicate enough to bring North Korea's withdrawal from the Nuclear Nonproliferation Treaty.

Contact With DPRK Religious Figures Approved

SK0401035694 Seoul HANGYORE SINMUN in Korean 4 Jan 94 p 3

[Text] The government on 3 January approved the Korean Council of Christian Churches's application filed at the Unification Board on 26 December requesting permission to have a contact with North Korea's Christian figures, including Kang Yong-sop, chairman of the North Korean Christians Federation.

Prior to this, the Christian figures from the North and South met in Beijing last November and agreed in principle to hold exchanges. Thereupon, Kwon Ho-kyong, director of the Korean Council of Christian Churches, plans to discuss with North Korea the issue of North Korean Christian

figures attending the general meeting of the Korean Council of Christian Churches slated for 21 February in Seoul and other religious events.

Seoul Plans Economic Talks With NAFTA Parties

SK0301012594 Seoul YONHAP in English 0102 GMT 3 Jan 94

[Text] Seoul, Jan. 3 (YONHAP)—South Korea holds economic consultative talks with all three parties of the North American Free Trade Agreement (NAFTA) this and next month, the Foreign Ministry said Monday.

The third South Korea-U.S. Dialogue for Economic Cooperation (DEC) is slated for Feb. 15-16 in Washington followed by a meeting of the South Korea-Mexico Economic, Science and Technology Cooperation Committee in Mexico City the next week.

Talks with Canada open Jan. 26-27 in Seoul, the ministry said.

This year's consultations will be specially handy since the cross-boundary NAFTA took effect on Jan. 1 and Seoul will have a chance to get acquainted and ready for possible trade repercussions from the agreement, officials said.

Assistant Minister Son Chon-yong, Seoul's chief delegate to the talks, plans to discuss parts of the agreement that may discriminate against South Korea's exports and investment in the three countries, they said.

Seoul expects to conclude an agreement on avoidance of double taxation and investment guarantee pact with Mexico to help South Korean companies enter the U.S. market via the South American country, they said.

Speaker Yi Man-sop To Visit Beijing 6-12 Jan

SK0301031694 Seoul YONHAP in English 0301 GMT 3 Jan 94

[Text] Seoul, Jan. 3 (YONHAP)—National Assembly Speaker Yi Man-sop will visit Beijing on Jan. 6-12 at the invitation of his Chinese counterpart, Qiao Shi, chairman of the Standing Committee of the National People's Congress.

Yi will discuss ways to boost Sino-Korean legislative exchanges and bilateral cooperation with Qiao, and meet with President Jiang Zemin and Prime Minister Li Peng to exchange ideas on resolving the North Korean nuclear issue and boosting bilateral economic partnership.

Yi, the first South Korean speaker to visit the communist state, will tour sites in Shanghai where Korean independence fighters were based on his way home.

Accompanying the speaker will be Reps. Pak Hon-ki and Yi Hwan-ui of the Democratic Liberal Party, Reps. Kim Tae-sik and Choe Chae-sung of the Democratic Party, independent Rep. Pak Ku-il, and his chief secretary, Kang Song-chae.

Government To Send Youth Service Corps to PRC
SK0301075694 Seoul CHUNGANG ILBO in Korean
 3 Jan 94 p 2

[Text] The Government has decided for the first time to send a 13-member youth service corps to the PRC this year to expand cultural exchange with the PRC.

The Government also named the PRC, along with Vietnam, as special cooperative project countries and established a policy to accept Chinese technical trainees and provide a 1.6 billion-won grant for development survey and other projects.

DPRK-Russia Logging Agreement Expired 31 Dec
SK3112100393 Seoul CHUNGANG ILBO in Korean
 1 Jan 94 p 7

[YONHAP from Moscow]

[Text] The North Korea-Russia forestry agreement to cut logs in Siberia was automatically abolished as the agreement expired on 31 December. Whether North Korea will withdraw its 20,000 workers and equipment from Siberia is a matter of concern.

Meanwhile, North Korea and Russia held its first forestry meeting in Pyongyang in early December to sign a new agreement. However, the meeting broke up because the sides had significantly different views. They reportedly agreed to hold a second meeting in Moscow. North Korea is expected to accept all of Russia's demands.

'Redistricting' Plan for Elections Under Study
SK0301082994 Seoul YONHAP in English 0757 GMT
 3 Jan 94

[Text] Seoul, Jan. 3 (YONHAP)—The government and its party are working on a redistricting plan in preparation for local elections in 1995 that has the opposition up in arms.

Under a draft of this plan, the six special cities under direct central government control will become ordinary cities. Pusan, Taegu, Incheon, Kwangju and Taejon will become local administrative units like other cities, but Seoul, with a population of more than 10 million, will be split into four cities as the government thinks that it has grown too large to administer effectively.

Several cities and counties will be merged for more effective administration because, the ruling Democratic Liberal Party [DLP] says, the present system of stratified government is a legacy of the authoritarian past.

Rep. Sin Sang-sik, chairman of the DLP ad hoc committee on political affairs, says that his committee is reviewing a plan to split Seoul into four cities.

The opposition Democratic Party is opposed to the DLP's plan for Seoul's division, accusing the government party of resorting to redistricting because it is unsure of victory in the 1995 mayoral election, the first in many years.

The opposition party objects less vociferously, however, to the plan to rezone cities and counties to create integrated urban-rural administrative units.

Rapid urbanization has made it almost impossible in many places to draw a clear line between a rural and an urban area, and this warrants the creation of integrated urban-rural administrative units in some provinces.

In South Kyongsang Province, for example, Sin says, Miryang City has a population of 70,000 and Miryang County a population of 50,000, and it is hard to tell the city administration from the county administration in this case.

"It's nonsense to separate Miryang City from Miryang County and vice versa," he says.

This also applies to Kimhae City and Kimhae County in the same province, according to Rep. Kim Yong-il, whose district it is. He says a merger of the county into the city is desirable for reduced administrative demands and for the convenience of the residents.

Relatively large cities divided into wards (Ku) are not targeted for merger with counties in the DLP plan. They are Chonju, Ulsan, Puchon, Songnam, Suwon and Masan.

Small cities such as Chechon, Sokcho, Tonghae and Osan are set for merger with adjacent counties.

Farmers in counties that merge with cities will continue to receive government support, such as farming funds and scholarship funds for their children, under the DLP plan.

The opposition party is giving an unfriendly look at the DLP's local administrative reform plan, calling it gerrymandering for victory in next year's local elections. In particular, it strongly opposes Seoul's division, considering it a plot to win the mayoral election.

Kim Yong-sam Comments on Plan
SK0401032494 Seoul YONHAP in English 0243 GMT
 4 Jan 94

[Text] Seoul, Jan. 4 (YONHAP)—President Kim Yong-sam said Tuesday that the city of Seoul will not be split for next year's local elections and that the mayoral election in Seoul will be held under the present legislative district system.

Gubernatorial elections, including the Seoul mayoral election, will be held in the first half of next year, as promised, the chief executive told reporters while exchanging New Year's greetings with them.

An opposition mayor of Seoul would pose no problem to him in carrying out his job as chief executive because the constitution guarantees his rights and duties as president, he said.

In the United States, there appears no problem between President Bill Clinton's Democratic administration and the Republican mayor of New York, Kim added. In Japan, there was no problem in the Liberal Democratic Party administration while Minobe, who was elected on the Socialist Party's support, ruled Tokyo for 12 years.

He said premature election enthusiasm is not desirable in view of the nation's pressing task to boost the economy.

"The elections are still one and half years away, but the press has already begun carrying speculative reports on anticipated candidates to arouse public interest in the elections," he noted.

Meanwhile, ruling Democratic Liberal Party Secretary-General Mun Chong-su said his party was not studying a plan to revise administrative districts for next year's local elections.

"My party will by no means push ahead with such a plan," he added.

DLP, DP Prepare for 1995 Local Elections

SK0401040394 Seoul YONHAP in English 0234 GMT
4 Jan 94

[Text] Seoul, Jan. 4 (YONHAP)—The ruling and opposition parties have begun to strengthen their organizations and select possible candidates in preparation for introduction of an across-the-board local autonomous government system.

The system, under which members of provincial and city councils and heads of autonomous governing bodies will be elected, will be introduced in the first half of 1995.

Both the ruling Democratic Liberal Party (DLP) and the main opposition Democratic Party (DP) regard the local elections as a "prelude" to parliamentary elections in 1996 and the presidential poll in 1997.

Consequently, sources expect the parties to come out with strategies to win the local elections following their national conventions in mid-1994.

The DLP, especially, believes that the local elections will be a referendum on President Kim Yong-sam's administration.

DLP insiders said Tuesday that senior party officials have already decided to solidify the leadership and select candidates for local elections without fanfare while trying to prevent overheating of the election atmosphere.

Prior to its national convention in May, the DLP will undertake the reorganization of 95 local party chapters, replacing some chairmen and strengthening organizational works.

In addition, the government and ruling party plan to replace city mayors and county chiefs with "reform-minded" officials in a large-scale reshuffle so that some of them can be DLP candidates in the local elections.

The opposition party, meanwhile, plans to form an election planning board this month to undertake a study, and to select and educate possible candidates for the elections.

The DP will launch a committee to strengthen party organizations by replacing the chairmen of its local branches and taking other measures.

The DP is slated to convene a national convention in May 1995, but there is a possibility that it could be called sooner as a result of competition for the national leadership prior to the convention.

In this connection, Chairman Yi Ki-taek's private political group plans to complete a nationwide organization by the end of next month before beginning active recruitment for support of the leader.

Among Yi's challengers are Rep. Kim Won-ki, a member of the party's Supreme Council, and Rep. Chong Tae-chol, both plan to campaign for support regardless of when the national convention is held, according to DP sources.

But the DP believes that it is undesirable to enter the preparatory stage for local elections at this time as it is trying to force the National Assembly to convene an extraordinary session in January.

Nevertheless, the party is quietly proceeding with plans to select candidates for local elections and educate them while developing party strategies, the sources said.

Finance Minister: Deregulation To Accelerate

SK0401030794 Seoul THE KOREA HERALD in
English 4 Jan 94 p 8

[Text] The government, in order to lure back foreign direct investors, plans to provide them with benefits in taxation and overseas borrowing as generously as China and other Southeast Asian nations do.

It will also accelerate deregulation in many financial sectors, including abolishing the Foreign Exchange Control Act in five years' time, Minister of Finance Hong Chae-hyong said yesterday.

Meeting with reporters, Minister Hong said that inducements for more foreign direct investments are quintessential for advancing Korea's technological level and "to this end, the government is willing to offer various incentives now offered by other Asian nations to would-be investors."

"Some areas, like providing factory land at cheap prices, may be beyond the jurisdiction of the Finance Ministry," Hong said. "But in financial and taxational matters, we will work hard."

He said the efficiency ratings of financial attaches stationed at major international economic centers, including Tokyo, London and some European capitals, will be based on their ability to attract foreign investments.

The dwindling amount of foreign direct investment here, which many analysts say is due to steep rises in labor, land and capital prices compared with other Asian countries, has hindered Korea's economic recovery, largely dependent on imported capital and technology.

In a major departure from its stringent control on the business plans of major state-run banks, the ministry will this year let banks work out their own business plans and implement them under their own responsibility, the finance minister said.

The restrictive foreign exchange sector will be drastically deregulated for the complete abolition of control in five years, he said.

Various restraints in the banking, securities and insurance sectors, some of which have been relegated to umbrella organizations, including the Bank of Korea, will be further "shaken away," Hong said.

"Even if the ministry is reduced to a mere policy research organization, we will continue to do away with unnecessary regulations," the top financial policy-maker said.

Asked whether and when the government plans to permit the introduction of foreign commercial loans, however, Hong made it clear that the ministry will not allow them for the time being.

Between the two types of foreign commercial loans, cash loans are out of the question, he said, adding that if businesses want such loans to help finance facility imports, then they should use the government's foreign currency loans.

Instead, the ministry is considering exempting foreign currency loans from the combined credit ceiling imposed on large industrial conglomerates, a measure to help them use more foreign exchange loans for facility investments, the finance minister said.

BAI To Investigate Government Budgets

*SK0301080994 Seoul YONHAP in English 0731 GMT
3 Jan 94*

[Text] Seoul, Jan. 3 (YONHAP)—The Board of Audit and Inspection (BAI) will conduct an intensive investigation into laxities in budget make-up and execution by

each government agency and every state-financed institution so that the public gets value for its tax payments, BAI Chairman Yi Si-yun said Monday.

The BAI will focus its investigative might on evils such as shoddy construction of public facilities and irregularities in public welfare, and relax administrative regulations to remove public inconvenience and insecurity, Yi pledged in his New Year speech.

He warned wrongdoers and idlers in public service that he will punish them mercilessly, but promised creative and active public servants that they will be rewarded.

Yi, spelling out the New Year's tasks of the independent investigative agency, said he will step up efforts to establish strict discipline in public service.

Instead of correcting wrong government policies, the BAI will concentrate on strengthening its power to prevent mistakes and to raise the efficiency and appropriateness of policies in 1994, Yi said.

It will establish an around-the-clock investigative structure and carry out future-minded inspections to expand the authority of the BAI, Yi said.

Probe: Ex-DLA Procurement Director Took Bribe

*SK0401071294 Seoul YONHAP in English 0640 GMT
4 Jan 94*

[Text] Seoul, Jan. 4 (YONHAP)—Hong Kol-hui took a bribe of 10 million won from Samsung Co. when he was foreign procurement director at the Defense Logistics Agency (DLA), a spokesman for the joint military-prosecution team investigating the arms scam said Tuesday.

Hong, who is already under arrest in connection with the fraud, was paid off by Pak Tae-chin, a former Samsung board member. At the time, Hong was involved in the purchase of reserve engines for the Air Force's C-130 transport planes.

The team may ask Pak to answer the suspicion that he bribed Hong in connection with his company's tender for the purchase contract.

The investigation, including tracing the bank accounts of DLA Commander Yi Su-ik and his three predecessors (Chang Hong-yol, Yi Sang-ho and Yi Chun), will continue until Friday, two days longer than planned, according to sources.

Plans to question Former Defense Security Commander Kim To-yun have been dropped, they said.

DLA Reportedly Rigged Purchase of Ship Systems

*SK3112030293 Seoul YONHAP in English 0154 GMT
31 Dec 93*

[Text] Seoul, Dec. 31 (YONHAP)—The Defense Logistics Agency (DLA) deceived the Defense Ministry's

weapons systems acquisition council into selecting a particular firm to supply command and fire control systems for destroyers, the Board of Audit and Inspection says in a white paper 1993 released Thursday.

In May, having decided to procure either the COSIS 200k1 system of Germany's AE or the SSCSMK system of Britain's Baesema, the council asked the DLA for a document with which to evaluate the British firm's ability to deliver the system within the set period.

Baesema forwarded the document and a bank affidavit guaranteeing its financial solvency to the DLA within a week.

But the DLA concealed the British firm's documents and advised the council that it was not an adequate contractor because of its poor financial status and low credibility, misleading the council into selecting AE.

The council's dominant opinion was that the British product was optimum for Korean destroyers and better than the German product, but the DLA's misinformation led the council to select the German system, the white paper says.

The board recommended that the Defense Ministry take action against DLA deputy foreign procurement officer Yun Sam-song for producing the misinformation, and the ministry disciplined him.

Military Should 'Root Out' Private Societies

SK0401041494 Seoul YONHAP in English 0257 GMT
4 Jan 94

[Text] Seoul, Jan. 4 (YONHAP)—A debate among Army officers has concluded that the military should root out private societies from within its ranks and severely punish their organizers to establish harmony and unity, according to Army headquarters Tuesday.

Seven generals and 35 field grade officers discussed more than 30 topics at a seven-day debate hosted by the Defense Ministry from Dec. 23-29 last year. They covered consciousness, personnel, promotion, morale, welfare, exercise, ways to secure high-quality manpower and manage reserved war potential, command, control, telecommunications, computers and information.

Most attendants, selected by the ministry, lived together during the debate, which concluded that societies like "Hanahoe" and "Aljahoe" create disharmony within the military and tarnish the honor of the military.

Society members were accused of monopolizing major posts, which they exchange among themselves, and of being exclusive to officers from rival societies.

Defense Minister Yi Pyong-tae instructed Army headquarters and the three armies Dec. 22, a day after he was appointed, to organize seven-day debates to discuss military reform and report back directly to him.

There were some who said the ministry should punish club members more severely than at present and give them disadvantages in personnel management and promotion.

Some worried that former society members, insisting they have led the military so far, will strengthen their unity against the disadvantages they have suffered since the government was inaugurated in February last year.

Minister Yi is an ex-member of Hanahoe, along with former Presidents Chon Tu-hwan and No Tae-u.

Trade, Industry, Energy Ministry on 'Revamp'

SK0401122094 Seoul YONHAP in English 1121 GMT
4 Jan 94

[Text] Seoul, Jan. 4 (YONHAP)—The Trade, Industry, and Energy Ministry started to work on the refitting of its organization on Tuesday.

Minister Kim Chol-su said at a staff meeting the need has arisen to revamp his ministry's function and organization in the area of trade and resources.

"We must make our ministry offices better meet new administrative needs and fully adapt ourselves to changes of time characterized by the conclusion of the Uruguay Round talks," Kim said.

Ideas of reorganization discussed at the meeting included the creation of an industry technology bureau, and the integration of trade promotion and trade cooperation bureaus and the office of international cooperation into two bureaus: Trade policy and international cooperation.

A ministry source said that if and when three offices are merged into two, the post of deputy directorate would be set up at each of the two new bureaus.

In the resources area, a tentative plan calls for the merger of the existing four bureaus into two.

Resources development bureau would be merged into petroleum and gas bureau while half of the duty of energy policy bureau would be turned over to industrial policy bureau and the other half to power energy bureau, the source said.

Government To Recruit Fewer Public Servants

SK0301034694 Seoul YONHAP in English 0158 GMT
3 Jan 94

[Text] Seoul, Jan. 3 (YONHAP)—The government will recruit 48,018 public servants this year, 3,224 fewer than last year, the Government Administration Ministry said on Monday.

The central government will hire 21,994 of them, up 1,018 from last year chiefly because of an increase in the

employment of teachers and education officials, and local governments will take the other 26,024, down 5,075 from last year.

Those recruited through competitive tests conducted by the Government Administration Ministry will number 3,457 to 3,507—327 through higher civil service tests, 725 through grade-seven civil service tests, 2,115 through grade-nine civil service tests, 250 to 300 through higher judicial service tests, and 40 through military judicial service tests.

Those to be recruited through higher civil service tests comprise 250 through administrative service tests, 35 through diplomatic service tests, compared with 30 last year, and 42 through technological service tests.

Among the 250 to be recruited through administrative service tests will be specialists in international trade, educational administration, social welfare, and labor. Computer specialists are included in the 42 to be hired through technological service tests.

Stock Exchange Off To 'High-Kicking Start'

*SK0301083094 Seoul YONHAP in English 0802 GMT
3 Jan 94*

[Text] Seoul, Jan. 3 (YONHAP)—The Korea Stock Exchange got a high-kicking start to the New Year with the all-share index jumping 13.14 points in 120 minutes Monday to close at 879.32.

Breaking last year's high of 874.1, recorded on Dec. 17, the two-hour session caught fire on investment in large capitalization issues.

The actual gain from last year's close is 22.21 points when the ex-dividend index of 857.11 is considered.

Securities experts attribute the bull mood to high expectations for the economy and inter-Korean relations in 1994.

January is generally bullish and hopes for an improved economy helped to pump up stock prices, the experts said.

There remain fears over sale of stock stabilization fund holdings worth 4 trillion won, but they did not show in Monday's session, he said.

Most banking and securities issues leaped to the daily ceiling and shares in construction and trade industries made a strong showing while high-cost low (per) price/earnings ratio and large manufacturing issues were bearish.

Gainers totaled 610, including 358 that hit the daily ceiling, outnumbering 146 losers while 55 remained unchanged.

Some 22 million shares changed hands on turnover of 436.1 billion won (540 million U.S. dollars) during the two-hour session.

Trade Deficit Drops to \$1.35 Billion in 1993

*SK0301025094 Seoul YONHAP in English 0234 GMT
3 Jan 94*

[Text] Seoul, Jan. 3 (YONHAP)—A strong final quarter reduced the trade deficit to 1.35 billion U.S. dollars on a customs clearance basis last year, the Trade, Industry and Energy Ministry said Monday.

The ministry, however, expected a trade surplus of 2 billion dollars in terms of international payment.

Exports were 82.44 billion dollars (up 7.6 percent) and imports 83.8 billion dollars (up 2.5 percent), slashing 3.78 billion dollars from the 1992 deficit.

Exports hit 8.15 billion dollars and imports 7.44 billion dollars in December for a 712 million-dollar surplus, the fourth monthly surplus in a row. It was the second largest surplus after 887 million dollars in December 1991.

As of Dec. 25, letter-of-credit (L/C) arrivals reached 3.85 billion dollars and import approvals were 5.33 billion dollars.

In the first quarter, exports rose 7.1 percent from the same period in 1992, but in may labor disputes and weak demand from China hampered exports. In September, industrial peace came and the Japanese yen's strength boosted exports and brought the first monthly trade surplus in four years by international payments.

For the whole year, electronic, electric, automobile and machinery exports posted double-digit rises, while exports of shoes, textiles and containers dropped by a large margin.

Exports to the United States, Japan and European Community rose 0.8 percent, putting an end to their consecutive decline since 1990. The three markets accounted for 47.5 percent of total Korean exports, dropping below 50 percent for the first time.

Exports to developing countries soared 16.7 percent, compared with 24.3 percent in 1992, and Asian countries accounted for 47.5 percent of total exports, compared with 42.9 percent in 1992.

The ministry predicted exports at 89.5 billion dollars, up 8.6 percent, and imports at 89.5 billion dollars, up 6.8 percent, for a trade balance this year.

Daewoo Plans To Develop Projects in Middle East

*SK0301120794 Seoul YONHAP in English 1107 GMT
3 Jan 94*

[Text] Seoul, Jan. 3 (YONHAP)—The Daewoo group, South Korea's leading business conglomerate, plans to positively take part in social overhead capital projects in the Middle East now that a peace agreement has been signed between Israel and the Palestine Liberation Organization (PLO).

A Daewoo spokesman said on Monday [3 January] group Chairman Kim U-chung, now on an overseas tour, met Israeli President Ezer Weizman on Sunday [2 January] to exchange opinions on Daewoo's participation in highway and other infrastructural projects.

These projects, he said, are expected to be promoted extensively following the signing of the peace agreement.

Chairman Kim and other top Daewoo officials accompanying him are to meet Prime Minister Yitzhaq Rabin and other Israeli Government leaders on Monday, the spokesman said.

The Daewoo officials who were in Israel along with the chairman included Daewoo Corp. President Yu Ki-pom, Daewoo Electronics Co. President Pae Sun-hun, and Daewoo Telecom Co. President Pak Sung-kyu.

Burma**Than Shwe Delivers Independence Day Message**

*BK0401044594 Rangoon Radio Burma in Burmese
0130 GMT 4 Jan 94*

["Full text" of the 46th Independence Day message from Senior General Than Shwe, chairman of the State Law and Order Restoration Council, at the Independence Day flag raising ceremony held in Rangoon's People's Square on 4 January—read by announcer]

[Text] The date 4 January 1994 is a special and auspicious day that marks the 46th independence anniversary of our Union of Myanmar [Burma]. On this 46th anniversary of independence, I respectfully extend my good wishes to the indigenous people residing in the nation.

Our Union of Myanmar, which had existed as a sovereign nation in the world for centuries, was subjected to acts of aggression, annexation, and servitude by avaricious colonialist-imperialists for three times during the 19th century. Our patriotic indigenous brethren took up available arms, fought and repulsed this aggression, annexation, and servitude by colonialist-imperialists. These patriotic Kachin, Kayah, Karen, Chin, Bama, Mon, Rakhine, and Shan nationals, who waged the anti-imperialist struggle for national liberation, will be remembered as patriotic heroes in the annals of our history. There were millions of people like these heroes. They included military personnel, public servants, and ordinary people—children of people—who fought with their lives and blood to uphold the nation's independence. The citizens of Myanmar have the firm tradition of cherishing and protecting their independence. We have the duty not only to uphold this spirit in our generation but to pass it on to the future generations.

All our indigenous nationals should rely upon themselves in striving to remain as an independent nation in the world and to ensure perpetuation of sovereignty. Indigenous nationals are duty-bound to strive to collectively safeguard independence and sovereignty. They are to maintain their patriotic and nationalist fervor.

In the course of our history, the citizens of Myanmar have always repulsed and overcome attempts aimed at destroying the nation where the people have lived together through weal and woe. Furthermore, there are many instances showing that the citizens of Myanmar were capable of rising from the ruins by constructing anew. Therefore, in our era, we have been able to overcome the destructive elements and are constantly striving to engage in constructive endeavors.

We as a nation deserve independence and is capable of carrying out national construction and maintaining the national heritage. We stand as a nation in the international community.

The national government is implementing border region development schemes with momentum in the long-term

interests of the fraternal indigenous people in the border regions. Currently, 10 indigenous organizations have given up the line of armed struggle and are participating in national construction tasks in accordance with the law. The threat of insurgency has been cleared in these areas and construction tasks are being implemented.

Currently, delegates are discussing the state constitution, which will ensure the rights and equal development for the Union nationals in accordance with their wishes at the National Convention, which opened at the beginning of 1993. The convention is systematically deliberating on various tasks, and it has already drawn up chapter headings for the constitution and the basic principles that should be incorporated into the constitution. More important matters have yet to be discussed in detail in the future. It is very important that the constitution be in accordance with the six objectives and the wishes of the people and that it ensure the future prosperity of the Union.

It is important for the delegates to carry out the duty of drafting the constitution and for all the citizens to give necessary assistance. That is why it is said that the drafting of the state constitution is as important as life.

The State Law and Order Restoration Council, which is leading the nation, had carried out the following tasks with the people's cooperation:

- A. The three cardinal tasks—nondisintegration of the Union; nondisintegration of national unity; perpetuation of sovereignty;
- B. Prevalence of law and order and local peace and tranquility;
- C. Smooth and secure transport and communications;
- D. Easing the people's need for food, clothes, and shelter;
- E. Priority and protection given to development tasks for all indigenous people throughout Myanmar.

Its achievements in working for peace and prosperity, political stability, and economic development in the country are known to the people.

The Union Solidarity and Development Association [USDA] has been formed with the objective of safeguarding and perpetuating the Union of Myanmar, promoting friendship among the indigenous people, perpetuating national sovereignty and territory, promoting national development, and emergence of a peaceful and modern state. It is necessary for the national people to study and scrutinize the changes in international and domestic situation and participate wholeheartedly in the association.

Presently, progress has been made in international relations and international trade. As the country's economic development accelerates, the momentum of success should be maintained, and more efforts should be made for development. Only then will the country emerge as a developed, peaceful, and modern state. It will be necessary for all the people to continue to cooperate and work

with the SLORC to achieve this goal. Therefore, it is urged that the objectives of the 46th Independence Day be implemented. The four objectives being:

1. For all Union nationals to collectively safeguard and ensure the perpetuation of national independence and sovereignty;
2. The promotion of nationalism and patriotism;
3. Each citizen to strive to work for the emergence of the State Constitution;
4. To work with firm conviction, zeal, diligence, and tenacity for national development and emergence of a peaceful and modern nation.

Two ABSDF Rebels Reported Killed in Offensive

BK0401023794 Bangkok BANGKOK POST in English 4 Jan 94 p 2

[Text] Two guerrillas belonging to a Burmese student rebel group have been killed in recent attacks by the Burmese army, a rebel source said yesterday. One of those killed was a battalion commander in the All Burma Students Democratic Front [ABSDF], said a member of the Karen National Union, an allied opposition group.

The two students were killed in attacks last Wednesday by three battalions, or 1,500 troops, of Burmese army in an area controlled by the Karen group about 100 kilometres north of its headquarters at Manerplaw, on the Thai border, said the Karen official, who spoke on condition of anonymity. Manerplaw is about 210 kilometres east of Rangoon. Another Karen official in Bangkok said combat continued at least through Friday, and 100 Karen refugees from the fighting had crossed into Thailand.

Brunei, Malaysia & Singapore

Malaysia

Mahathir: 'Many Things' Prevent Israel Ties

BK2812141693 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 28 Dec 93

[Text] Malaysia is still not prepared to establish diplomatic relations with Israel. Datuk Sri Dr. Mahathir Mohamed pointed out that many things have yet to be done by that country before it could be accorded recognition.

The prime minister said this at the news conference after a visit to Angkasapuri [Ministry of Information]. He hopes that Israel would make progress towards this end. Although he regarded the agreement between Israel and Palestine as an outstanding development, Datuk Sri Dr. Mahathir felt that the agreement alone is not adequate. This is because there is no declaration on the part of Israel for a Palestinian state. Besides, there is no declaration from Israel that they will not resort to terrorism in

effort to achieve its national objective. Whereas the Palestinians are required not to use terrorism.

Malaysia has to wait before it takes action to accept the state of Israel. The prime minister also warned that the problem is still not over due to the attitude of the Gulf states themselves which are at loggerheads with each other. The situation has resulted in some parties not supporting the accord.

Minister Reports Inflation Figures for 1993

BK0301124694 Kuala Lumpur NEW STRAITS TIMES in English 1 Jan 94 p 4

[Text] Kuala Lumpur, Fri—The nation's inflation rate has dropped another 0.1 per cent from 3.7 per cent as at the end of October to 3.6 per cent at the end of last month.

Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar said today that the reduction was proof that the government's efforts to curb inflation had been effective with the help of the public and the business community.

He, however, said the government was still not satisfied with the 3.6 per cent inflation rate achieved so far and his ministry would continue its efforts to bring down the rate further.

The country's inflation rate stood at 3.9 per cent from January until July this year, dropping to 3.8 per cent at the end of August and stayed at 3.7 per cent at the end of September and October.

As for the Consumer Price Index (CPI), Abu Hassan said the index for food was now 33.7 per cent, gross rent, fuel and power (20.2 per cent), transport and communication (18.6 per cent), beverages and tobacco (4.3 per cent), clothing and footwear (four per cent), furniture, furnishing and household equipment and operations (5.8 per cent) medical care and health expenses 1.8 per cent, recreation, entertainment, education and cultural services (5.2 per cent) and miscellaneous goods and services (6.4 per cent).

(The CPI measures the average rate of change in prices of a fixed pattern of an average household in Malaysia with 1990 as the base year.)

He said his ministry was responsible only to bring down the food index and other sectors, whether government agencies or the private sector, had a role to ensure the CPI was further reduced.

Speaking at a year-end press conference at his Menara Maybank [Maybank Towers] office here Abu Hassan said his ministry would continue to take the lead in the fight against inflation next year.

Asked how far the ministry hoped to reduce the rate of inflation next year, Abu Hassan said, "The prime minister himself, as head of the Cabinet Committee on Inflation, had said that the government's objective is to achieve zero inflation rate. It is not impossible. The private sector can help the government reduce the current inflation rate further by increasing efficiency and reducing production costs thus enabling the price of goods to remain stable."

Abu Hassan also announced that his ministry would begin a major publicity campaign from April next year to enhance the people's awareness on the scourge of inflation.

Among the ministry's steps to curb inflation this year include the setting up of a price information centre to give consumers up-to-date information on prices of goods; holding a "fair price" shops competition and conducting price checks on business premises under "Ops Budget".

First Full Islamic Financial System Opens

*BK0301141494 Hong Kong AFP in English 0559 GMT
3 Jan 94*

[Text] Kuala Lumpur, Jan 3 (AFP)—Malaysia Monday became the first country to have a fully fledged Islamic financial system with the launch of an interbank money-market that operates on an Islam-sanctioned profit-sharing concept.

"The launch of an Islamic interbank money market and cheque-clearing system completes the setting up of the world's first full-fledged Islamic financial system in Malaysia," said Nor Mohamed Yakcop, adviser to the central bank, Bank Negara.

Predominantly Moslem Malaysia, he said, was also the only country to have a Moslem financial system that ran parallel to the conventional banking system practised by the West.

Many bankers, however, see the Moslem system as a sham to hide interest payments or "wiba" which are forbidden under Islamic law.

Nor said the launch capped a year of planning by the central bank to work out the financial instruments.

"The Islamic interbank money market operates on the basis of Al- Mudharabah or profit-sharing, which simply means that the provider of funds will earn a profit from his investments instead of being paid interest," he said.

Bankers also began Monday to trade in short-term bankers' acceptances on a profit-sharing basis.

The profit earned from the money lent would be shared between the provider and borrower on a ratio that could range from 70:30, 80:20 or 90:10 depending on the loan-period, he said.

"The profit-sharing ratios will be liberalised by the central bank in due course when everybody is comfortable with the new system to allow the ratios to be negotiated between the investing and receiving institutions," he said.

The other countries which have an Islamic banking system are Pakistan, Iran and Sudan, but they do not have the conventional banking system and an Islamic interbank money market facility.

Indonesia, which has an Islamic banking system running alongside the conventional banking practices, also does not have an interbank money market facility, Nor said.

Bankers say the Malaysian development is a significant move that should be emulated by other Moslem countries to stem the large outflow of funds from Islamic countries to non-Islamic banks in the West.

"It is an irony that some Islamic countries are borrowing substantially from non-Islamic institutions in the West, while other Islamic countries are depositing funds with them," said central bank governor Jaffar Hussein.

"The western non-Islamic banks are just recycling funds belonging to the Moslems to other Moslems and making a big and hefty profit in the process," Jaffar said recently.

Islamic banking in Malaysia was pioneered by the country's sole Islamic bank, Bank Islam Malaysia Bhd, which was set up in 1983.

Since then 20 other financial institutions in the country have adopted the Islam-sanctioned banking facilities alongside conventional banking.

Bankers see the difference between the Moslem banking practice and the conventional banking system as "pure cosmetic."

"Under Islamic banking, the bank lends you money, but in a slightly different way," said Bank Islam's managing director Halim Ismail.

"Take the common housing loan. The bank will buy the house on your behalf and then sells the house to you at a price which includes the cost and a margin of profit, but still allows you to make deferred payments."

"That extra amount that you pay will be more or less equal to the extra amount that you will pay when borrowing from commercial banks," Halim said.

Aerospace Joint Venture Enlists Italian Partner

*BK2812150493 Kuala Lumpur Voice of Malaysia in
English 0800 GMT 28 Dec 93*

[Text] Malaysia's aircraft inspection, repair and overhaul depot, AIROD, has entered into a joint venture agreement with Alenia of Italy, an international aerospace conglomerate. The latter has been recently awarded to undertake a radar and air traffic control project in the country.

Under the joint venture agreement, Alenia will supply hardware, service support activities, and service for the Malaysian air traffic services modernization project while AIROD will be involved in the overhaul and overall maintenance of the equipment when it is installed beginning January next year.

Speaking to newsmen after the signing ceremony in Subang near Kuala Lumpur, AIROD's general manager Harry Chiew Radcliffe said a subsidiary company would be formed to undertake a five-year business project together with AIROD's marketing arm, Tahap Harmoni, a local company.

Meanwhile, Alenia's representative, Nicholas Zalonia, said this joint venture with AIROD would mark its entry into the Asia-Pacific region. They would use Malaysia as their base and springboard into projects in Indonesia, Thailand, Hong Kong, Vietnam, and China.

Singapore

Prime Minister Meets Visiting Taiwan Counterpart

BK0301102694 Singapore *THE STRAITS TIMES* in English 3 Jan 94 p 21

[Summary] Prime Minister Goh Chok Tong met with Premier Lien Chan from Taiwan and Mrs Lien at the Raffles Hotel last night. Mr Goh had dinner with the Liens, who are here on a private vacation. The Liens plan some sightseeing and Mr Lien will play golf with old friends during their three-day stay here.

Goh Welcomes 9.8% Economic Growth in 1993

BK0301103094 Singapore *BUSINESS TIMES* in English 1-2 Jan 94 p 1

[By Anna Teo]

[Text] Singapore—Prime Minister Goh Chok Tong yesterday delivered Singaporeans splendid news in his New Year message: The economy did well in 1993, growing 9.8 percent and attracting a record \$3.9 billion [Singapore dollars] in manufacturing investments. The 9.8 percent expansion, the strongest annual growth since 1988, would mean an unexpectedly strong fourth-quarter spurt of around 12 percent, going by the preliminary estimate of about 9 percent for the first nine months of last year.

The Ministry of Trade & Industry in mid-November last year forecast 1993 growth of close to 9 percent, a figure which the private sector has since set its sights on. Growth last year was broad-based, and for the first time in five years, productivity grew faster than real wages, said Mr Goh.

The strong flow of investment commitments last year, surpassing the 1992 volume of \$3.5 billion, confirms that Singapore remained competitive despite a sluggish world economy and China's strong pull, he said. But the overall

average last year was pushed up by the exceptional performance of the financial and business services sector, especially the stock market, Mr Goh noted.

Also, there are some signs that the manufacturing sector is slowing down, which Singapore should watch carefully, he added.

Still, 1994 looks promising with the world economy improving, and Singaporeans can look forward to another good year, the PM said. MTI is sticking to its earlier forecast of 1994 growth at between 6 and 8 percent.

With the NAFTA Bill approved in Congress, and the Uruguay Round of trade talks wrapped up, there is now a positive and improving global trading environment, he said. Economic recovery and steady growth in the U.S., Europe and Japan this year will pull other countries along. Except for Japan, growth in the Asia-Pacific will remain buoyant, and Singapore will benefit from the regional boom. Singapore must seek and seize the opportunities by participating in the region's growth, he said.

Turning to the longer term, Mr Goh said one problem Singapore should pay more attention to is its rapid ageing population.

"This ageing population will have serious implications for our economic vigour and competitiveness," he said. "We need to make major adjustments to cope with this change."

Singapore has taken several steps—raising the retirement age to 60, getting Singaporeans to exercise and stay healthy, getting them to save for old age—but more still needs to be done. The subject will be discussed in greater depth this year, said Mr Goh.

While Singapore is not the only country with the problem, its population is ageing much faster than elsewhere because births have declined sharply after the post-war baby boom, the Prime Minister said. Typical Western countries take 50 years or more for the proportion of elderly above 65 to double from 10 to 20 percent, but Singapore will take only about 20 years. Furthermore, Singapore's edge of a substantially younger population, compared with the developed countries, will narrow and will eventually almost disappear in the next few decades.

Over the next 40 years, the Singapore population is projected to grow 30 percent from 2.7 million to 3.5 million, but the number of people above 65 years will jump by three times from 164,000 to 662,000.

"Provided we prepare early for what lies ahead, we can surmount this challenge, as we have many other challenges in the past," said Mr Goh.

Government To Remove Tariffs on 406 Items

BK0301103494 Singapore BUSINESS TIMES in English 1-2 Jan 94 p 2

[Text] Singapore will eliminate tariffs on 406 products as part of the concessions on the General Agreement on Tariffs and Trade (GATT). The elimination of these 406 tariffs will mean that more than \$2.5 billion [Singapore currency] worth of imports annually will be able to enter Singapore duty-free from tomorrow. The duty foregone from these imports is estimated at \$60 million.

The products include birds' eggs, candy, biscuits, artificial sweeteners, clothing, fluorescent tubes, headgear, leather handbags, imitation jewellery and furniture. The huge GATT accord, formally approved on Dec 15 by 114 nations, is expected to eliminate trade barriers and lower tariffs around the world. For the first time, there will be rules to govern trade in agriculture, textiles and services.

Protection of intellectual property rights will be strengthened, barriers to foreign investment levelled and a new World Trade Organization set up to police the new deal. The agreement is widely expected to stimulate more trade, thereby pulling world economies out of recession and promoting new jobs. Trade is also being liberalised in ASEAN under the AFTA agreement. Under the plan, intra-regional tariffs on all manufactured and processed products will be capped at 5 percent by the year 2008.

Cambodia**NADK Terms Capture of Anlung Veng 'Fabrication'**

BK0401071594 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Jan 94

[Statement by unidentified National Army of Democratic Kampuchea spokesman on 2 January; place not given—read by announcer]

[Text] On 31 December French radio reported that puppet Hun Sen and other leading Vietnamese communist puppets in Phnom Penh mendaciously announced to everybody that they had captured Anlung Veng on 30 December. The spokesman of the National Army of Democratic Kampuchea [NADK] would like to totally reject this vicious propaganda claim by puppet Hun Sen and other leading Vietnamese communist puppets.

What is the reason for this fabrication by the Vietnamese communist puppets in Phnom Penh?

1. It is to scare those who do not know the truth, and it is aimed at undermining the king's national reconciliation effort.

2. It is to boost the morale of their soldiers who are badly dispirited, combat weary, and mutinous against their commanders everywhere.

3. It is to deceive others in their show of hollow force against the masses, the students, the teachers, and other residents in Phnom Penh who are revolting against the Vietnamese communist regime and the two-headed, three-eyed administration both in Phnom Penh and the provinces; and so on.

As a matter of fact, however, the masses and the people have seen through that lie.

One thing that everybody admits as true is that the Vietnamese communists, their puppets, and their alliance have been attacking the people and Democratic Kampuchea. They have been attacking us all the time, both on the battlefield and in their psychological propaganda activities.

1. More than 200,000 Vietnamese communists attacked Democratic Kampuchea and the Cambodian people for 13 years.

2. After the signing of the Paris agreement, the alliance both inside and outside the UN Transitional Authority in Cambodia [UNTAC] joined hands with the Vietnamese communists and their puppets in attacking Democratic Kampuchea.

3. Immediately after the formation of the provisional two-headed government in July 1993, the Vietnamese communists, the alliance, and their puppets launched attacks against Democratic Kampuchea and the people, particularly at Phnum Chhat and in Stoung. And after the adoption of the Constitution and formation of the so-called legal two-headed government, they again have begun attacking Democratic Kampuchea and the people.

Although the king entreats: Children, you should be reconciled with one another; the people say: Let us be reconciled; and the world community urges: Cambodians, be reconciled; but the Vietnamese communists, their puppets, and their alliance keep shouting: Fight! Fight! Fight!

The truth is that hundreds of thousands of Vietnamese communists have been attacking and slaughtering the Cambodian people and Democratic Kampuchea for the past 13, 14, or 15 years; the Vietnamese communist puppets have been serving the Vietnamese communists for the past 13, 14, or 15 years; and UNTAC came in to help them for another 18 months.

The Cambodian nation and people, like the world people at large, have seen and heard about the defeats of these warmongers bent against peace and national reconciliation. Most are of the opinion that the more they struggle and writhe, the firmer and tighter they become fastened. The ones who are holding onto the noose around their necks are not Democratic Kampuchea nor the Khmer Rouge; it is the Cambodian people, the students, the teachers, and the soldiers who are opposed to the aggressor Vietnamese communist regime and are jointly supportive of the king's national reconciliation policy.

[Dated] 2 January 1994

[Signed] Spokesman of the NADK

Khieu Samphan Vows Support for FUNCINPEC

*BK0301043394 (Clandestine) Voice of the Great
National Union Front of Cambodia in Cambodian
1200 GMT 2 Jan 94*

[28 December message from PDK President Khieu Samphan to Prince Krompreah Norodom Ranariddh, chairman of the FUNCINPEC party, in response to the latter's 24 December message to Khieu Samphan via the the PDK office in Phnom Penh—read by announcer]

[Text] To His Royal Highness Prince Krompreah Norodom Ranariddh, chairman of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] party, Phnom Penh

Your Highness Prince Krompreah: I have received a letter dated 24 December 1993 graciously sent to me by your highness via the office of the party of Democratic Kampuchea [PDK] in Phnom Penh.

Your highness expressed the view when you graciously granted me an audience on 17 December that the current situation required all the national forces, including your highness and myself, to meet frequently to discuss and exchange views with one another under different forms so that together we could solve the serious problem facing our Cambodian nation and community. Agreeing with this excellent concept, I and the entire PDK were very pleased when your highness graciously accepted that a technical group should be set up in response to my request in order to make it possible for frequent but comprehensive talks to be held on all issues without any preconditions. In addition, your highness graciously stated that the five-point political guideline put forth by his majesty the king constitutes the basis for the consultations of this technical group.

I am confident that all of our nation and blood brothers in the countryside and the cities, at home and abroad, will joyously welcome this excellent development, because it is a step toward national reconciliation, national unity, and the rallying of all national forces in line with the enlightened initiative of His Majesty King Norodom Sihanouk Varaman, the august, lofty leader of our nation. I believe that, in order to make the consultations between your highness and myself more advanced and fruitful, we should adhere to the above basis and go into greater detail and depth in accordance with the prevailing situation of our country and the sacred aspiration of our nation and people.

I also beg your permission to use this opportunity to inform your highness once again that the PDK welcomes and fully supports without any preconditions his majesty's five-point political guideline graciously put forth by the king in his capacity as a Cambodian citizen in an essay on 21 November 1993.

In these five-point proposals his majesty the king demands that the factions give concessions to each other and hold discussions, consultations, and working meetings on that basis. The PDK has always been prepared to honor this excellent royal instruction, and will do everything in its power to completely accomplish the king's political guideline as soon as possible. We have this stance because we firmly believe that this royal political guideline will surely bring about national reconciliation, national unity, and the rallying of all national forces—with none rejected. Besides, we hold that the political guideline that his majesty the king has provided for all Cambodian leaders and for our nation and people stems from his profound meditation and reflection on how to cope with the prevailing situation, which requires that all national forces take part in all fields and sectors of state affairs, jointly helping to redress the worsening situation and responding to the desire of our entire nation and people.

As I have already informed your highness, if supported by all national forces, this five-point political guideline of our king will become the second royal crusade, opening up for his majesty the king another opportunity to fulfill a noble mission for our Cambodian nation and people and giving the latter total independence and sovereignty in their territorial integrity—the sacred goal of our nation and people.

Based on all the above reasons, it is my opinion that we should make arrangements so that the technical group, set up in the spirit of the consensus reached between your highness and myself on 17 December 1993, can gradually begin to function and provide discussions and consultations on the basis of his majesty our august king's five-point political guideline with a view to implementing it on every point. So long as we have a chance to discuss and hold working meetings on such a specific and correct basis, and with the august instructions graciously given by his majesty as a beacon to help light up and steer our way, we will surely succeed in progressively solving the problems until we have fully carried out his majesty our venerated king's political guideline. Then, there will be national reconciliation, national unity, the rallying of all national forces, and peace as a positive response to the profound and sacred aspiration of our entire nation and people.

I therefore ask permission to inform your highness of all the above. I have nothing against your highness at all. On the contrary, I myself and the PDK as a whole, who once worked along side your highness Prince Krompreah and the FUNCINPEC party in jointly fighting our national enemies, continue to support FUNCINPEC and seek by all means to offer your highness Prince Krompreah the full right to be the prime minister of a genuinely national royal government in accordance with the wish of our nation and people.

It is my belief that if we proceed in accordance with this guideline, there will be no more problems. As for the problem of who is attacking whom, I believe that this problem can also be solved when the five-point political

guideline of his majesty our august king is fulfilled through actual implementation, because then the armed forces of all national forces will be integrated into a single Khmer Royal Armed Forces, with the king as the supreme commander. Concerning this problem, I already informed your highness in person of what really happened during our meeting on 17 December 1993.

Moreover, I ask permission to sincerely inform your highness that, during the past few months as well as at the present, there has been a lot of political propaganda and military activity aimed at destroying the forces of Democratic Kampuchea. In the provinces of Preah Vihear, Kompong Thom, Siem Reap, and Oddar Meanchey the forces of the former National Army of Independent Cambodia [the Sihanoukist ANKI forces] have been drawn up to join other armed forces in launching large-scale offensives in attempts to attack and destroy the forces of Democratic Kampuchea, such as those at Stoung and Phnum Chhat in August and at Anlung Veng at the beginning of last October. Since late-December another large-scale offensive to attack the forces of Democratic Kampuchea has also been launched.

I ask your permission to raise this issue in order to show your highness Prince Krompreah that the situation is very complex and its solution requires joint efforts, just as his majesty our august king has most wisely pointed out.

I take this opportunity to assure your highness that the PDK and the national army of Democratic Kampuchea support your highness and the FUNCINPEC party as a whole, including both its military and political apparatuses. This support stems both from our tradition of joint struggle and, more importantly, from our understanding that in order for our Cambodian nation and race to survive all national forces must rally around the throne and the king with the FUNCINPEC party, which advocates national reconciliation playing the main role as in the times of Sangkum Reas Niyum under the leadership of his majesty the king. I understand that this is also the wish and desire of our entire nation and people. It was for this reason that our blood brothers gave their votes of confidence to your highness Prince Krompreah and the FUNCINPEC party. And it was for the same reason that the PDK supported the election results and has demanded that arrangements be taken to fully comply with these election results; and the PDK continues to strictly maintain this position.

Humbly yours,

[Dated] 28 December 1993

[Signed] Khieu Samphan, president of the PDK

General Staff Urges Khmer Rouge Troops To Defect

BK0401105094 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 1200 GMT 1 Jan 94

[Text] The General Staff of the Khmer Royal Armed Forces [KRAF]:

The Democratic Kampuchea faction should have been aware that between September and October 1993 more than 3,000 of its officers, non-commissioned officers, and soldiers returned to the national fold, enjoying both the moral and material assistance of the royal government under the leadership of His Majesty King Norodom Sihanouk Varaman.

These gentlemen have now loyally joined the national community and been inducted as KRAF officers, non-commissioned officers, and soldiers under the leadership of our venerated king father. For this reason, those of you who are officers, non-commissioned officers, and soldiers still suffering under the command of the Khmer Rouge recalcitrants, who continue to use you as a shield to die and become disabled in their place, should stop following the dark road of the Khmer Rouge leaders and rebel against and attack these stubborn leaders and return to the national community.

The General Staff appeals to you to hurry in order to avoid the upcoming confrontations. Return to the national community and you will be rewarded with positions, duties, and ranks commensurate with your individual capabilities and achievements. All KRAF units positioned throughout the country and nearby competent authorities are waiting to welcome you with cordiality and sincerity. They will consider you faithful and loyal to the country, religion, and the king.

[Signed] General Ke Kimyan, chief of the General Staff of the KRAF

King Refutes BBC Report on Lack of Press Freedom

BK0201130394 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 1200 GMT 2 Jan 94

["Clarification" issued by King Norodom Sihanouk on 2 January]

[Text] Yesterday and today, that is on 1 and 2 January, BBC television carried an important report on the restriction of press freedom in Cambodia, including a threat by the government threat against any newspapers and journalists criticizing King Norodom Sihanouk.

Concerning this matter, I, Norodom Sihanouk, would like to emphasize again that there has been no punishment nor arrest of any journalist or newspaper for criticizing, attacking, insulting, or slandering me. No one has been arrested, threatened, or accused because of me. Moreover, no courts will examine nor make judgment on any newspaper or journalist because of me.

In the case that there is any unfair or incorrect report in newspapers affecting me, all I will do is make a clarification like this one.

I would like to stress again that national and international newspapers, radios, and televisions in Cambodia

enjoy 100-percent full freedom. Cambodia's liberal democratic system in the 1990's, at present, and in the future is as free as the liberal democracy in France, the United Kingdom, Australia, the United States, and other countries in the Western world.

[Signed] Norodom Sihanouk

Sihanouk Decree Appoints Personal Advisers

BK0201122694 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 1200 GMT 2 Jan 94

["Decree issued by King Norodom Sihanouk dated 25 December"]

[Text] I, Norodom Sihanouk Varaman, king of Cambodia, pursuant to the recommendation of Samdech Chea Sim, chairman of the National Assembly of the Kingdom of Cambodia, appoints Their Excellencies Say Phuthang, Chea Soth, Bou Thang, and Mat Li as supreme personal advisers to the king of Cambodia.

[Signed] Norodom Sihanouk

Indonesia

East Timorese Asylum-Seekers Leave for Portugal

BK2912152293 Jakarta ANTARA in English 1407 GMT 29 Dec 93

[Text] Jakarta, Dec 29 (OANA-ANTARA)—Seven East Timorese students seeking asylum in the embassies of Sweden and Finland last June here were reported to live in Lisbon.

They have been allowed to leave Indonesia and live in Portugal. "If they want to move to other countries, why should we prevent them," said the Ministry of Foreign Affairs spokesman, Irawan Abidin, here on Wednesday.

The seven students who visited the embassies on June 23 to seek for asylum are Florencio Anunciacion Fernandes (22), Veofirio Coasta Oliveira (23), Jose Manuel De Oliveira Sousa (24), Mateuscito Ximenes (23), Ventura Valentim (25), Clementino Farias (27) and Oscar Goncalvessja Silva (20).

The university students left Indonesia at 2.30 p.m. by Singapore Airlines at the Portuguese Government's expense.

Last August, the Indonesian Government allowed 28 East Timorese to leave for Portugal for reunion with their relatives. Twenty two others are still waiting for permission to go to Portugal.

Minister on Departure, Rebel's Letter

BK3012060193 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Dec 93

[Text] The Indonesian Government's decision to allow seven East Timorese students to leave for Lisbon should

not be questioned. Susilo Sudarman, coordinating minister for politics and security affairs, said this to reporters after attending a coordinated meeting on politics and security in Jakarta yesterday. The seven students, who had tried to obtain political asylum at the Swedish and Finnish Embassies on 23 June, left the country for Portugal via Jakarta's Sukarno-Hatta Airport yesterday. The students received travel arrangement assistance from the International Committee of the Red Cross.

As for the letter smuggled out of Jakarta's Cipinang prison by Xanana Gusmao, leader of East Timor GPK [Security Disturbance Movement], Susilo Sudarman said relevant authorities are now investigating the matter. The letter, which had been published in Portuguese media, called on the Portuguese Government to help release him from jail.

Former East Timor Governor on Gusmao Letter

BK0301104694 Jakarta ANTARA in English 0937 GMT 3 Jan 94

[Text] Dili, E. Timor, Jan 03 (OANA-ANTARA)—Former East Timor governor Mario Viegas Carrascalao said that a camp backing the East Timor security disturbance group leader Xanana Gusmao has exploited the spirit of Christmas and the new year to attract the attention of the international community.

"They intentionally circulated the letter, in which Gusmao had sought the Portuguese Government and UN Law Commission's help to obtain freedom and repatriation to Portugal, to the international community with the hope that he be freed on Christmas day," he told ANTARA here on Sunday.

Carrascalao said they had timed the release of the letter on the belief that Christians would be more sympathetic during Christmas and the new year.

"They hoped to corner Indonesia by playing on the world's sympathy during the religious season," he added.

Commenting on the authenticity of the letter, he said it was not that important to determine if Gusmao's letter was indeed genuine because it would not have an impact on the country.

"Whether Gusmao had written the letter or not, they would have engineered anything to lure the international sympathy," he added.

The letter is being investigated to ascertain its genuineness.

Presently the Indonesian ambassador to Romania, Carrascalao said those who backed Gusmao and his anti-integration group from Darwin, Sydney and several Portuguese cities had "kitchens" to cook up "any materials" to discredit Indonesia.

He noted that these supports such as the one led by leading activist Ramos Horta were well organised.

"It was possible and easy for them to forge Gusmao's handwriting and signature," he added.

News about Gusmao had faded since he was transferred to Jakarta's Cipinang correctional institution, said Carrascalao, adding that the distance forced his backers to think twice before raising the issue.

Carrascalao said if the probe concluded that the letter was leaked by Gusmao himself, it proved that Indonesia had treated the convicted leader well.

"It goes to show that the government has given Xanana Gusmao a lot of space to conduct his daily chores such as writing letters," he added.

Gusmao was tried and sentenced to life imprisonment in May last year by the East Timor court in Dili.

President Suharto granted him clemency and converted his life sentence to 20 years in jail.

Thailand

Situation on Cambodian Border 'Under Control'

BK0401020194 Bangkok THE NATION in English
4 Jan 94 p A3

[Excerpts] [passage omitted] The situation at the Thai-Cambodian border here remained under control despite the heavy fighting inside Cambodia on Sunday which drove some 2,000 refugees into Thailand, Supreme Commander Woranat Aphichari said. Border patrol police and army rangers were keeping vigil at the border to ensure there were no spillover, Woranat said. "There's nothing to worry about," he said "I don't think we have to close the border." [passage omitted]

Fighting died down yesterday but the situation remains tense after three days of battles between Cambodian government troops and Khmer Rouge forces, Thai army officials said. The two sides, weakened by heavy casualties, continued to bring up reinforcements in the area across the border from Thailand, the officials said. Casualty figures were incomplete, but they said at least 20 were known to have died. The officials estimated that Phnom Penh had mobilized some 700 troops backed by four armoured vehicles. More men were being brought in to bolster forces based at Phum Changnoi, the officials said. They had no estimate of Khmer Rouge strength. [passage omitted]

Meanwhile, Thai government spokesman Aphisit Wetchachiwa said the present situation would not affect Prime Minister Chuan Likphai's planned visit to Cambodia between Jan 12 and 14. Chuan's agenda would be to seek the Cambodian government's guarantee on the future of Thai businesses in Cambodia which has been affected by Phnom Penh's measures, Aphisit said. [passage omitted]

More Responsible Investment in Cambodia Urged

BK0301011994 Bangkok THE NATION in English
3 Jan 94 p A4

[Editorial: "Thai Investors Need To Learn Cambodian Lessons"]

[Text] To many Cambodians, the Floating Hotel symbolized much of the worst kind of Thai investment in their country.

Moored in front of the Royal Palace and less than 50 metres from the National Assembly, its presence was perceived as cultural insensitivity and arrogance. Its ability to lift anchor and steam out of town if things got a little hot also implied a grab and run mentality that many Cambodians say is typical of Thai investment in their country.

The hotel, on government orders, has since taken up a new, less offensive berth further up the Tonle Sap river but much resentment still remains in Cambodia over Thai businessmen and their activities. A dispute over fees charged for stalls at the central Olympic market, redeveloped by a Thai company, continues to simmer and in recent weeks Khmer language papers have renewed their attacks on Thai investment.

Like Thailand's military leaders, Thai businessmen, who could have served to lay foundations for better relations between the two countries have instead only caused greater distrust. And in many cases it has been nothing more than naked greed for which in many cases they are starting to pay.

During the more than two decades that Cambodia was engulfed in war and revolution, Thailand prospered and emerged as a regional economic power. Cambodia's reopening to the world came as Thai businessmen were beginning to assume a relatively new role as foreign investors. With the signing of the Paris Peace accords in 1989, Cambodia was hailed as a golden opportunity and Thai speculators and businessmen rushed in.

Poor, undeveloped, closed off to the world for decades and soon to host the cash-rich UN peace mission—the thinking was get in now or miss the chance forever. Two years later, however, Cambodia has become more like a business nightmare.

The new government is indicating it will redraft concessions awarded to some of the biggest Thai investors in aviation, tourism and telecommunications and a sober reevaluation of the country suggests the rewards from doing business there are going to be small and slow in coming.

In the meantime, Thailand's international reputation has been dragged through the mud. Thai loggers and gem concessionaires became the focus of an international campaign to have their operations halted because of the environmental havoc they were wreaking. The perception that they were the main financial supporters of the

Khmer Rouge also did little to help Thailand's assertions that it deserved credit as one of the main forces behind the peace process. In Phnom Penh, Thai businessmen, in particular bar and massage owners were singled out as the worst of the carpet baggers who descended on Cambodia in search of quick profits from the UN mission.

In a pure business sense, the most essential mistake made by Thai businessmen was to back the wrong horse. Practising business much as they have at home, Thai businessmen invested heavily in building up contacts with the despised former Phnom Penh based government of Hun Sen.

The shock election win by the royalist Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party left many Thai businessmen holding dubious and potentially worthless contracts.

Thai businessmen in Phnom Penh estimate the cost in pay-offs for some of the more spectacular concessions won by their compatriots could have been as high as 10 million dollars. If such reckoning is correct it is a sad irony because, with the exception of the oil exploration companies and a few others, there has been little legitimate investment in Cambodia of the same magnitude.

Thais were obviously not the only foreigners doing business in Cambodia, nor were they the only ones involved in the logging or bar trades, or the only ones with conspicuously close ties to the former government. The behaviour of Singaporean and Malaysian businessmen has been little different to their Thai counterparts although for the most part they seemed to have escaped international condemnation.

Part of the problem for Thailand has been the traditional suspicion with Cambodians have viewed their larger neighbours. The return of peace provided the two countries with an opportunity to embark on a new chapter in Thai-Cambodian relations but so far there is little to suggest a change from the distrust of past.

The Thai government itself can do little to control Thai companies overseas. That is the responsibility of the host countries. It can, however, be more aware of internationally accepted standards of business behaviour and not defend the worst excesses of its businessmen, as was the case with the logging and gems concessions.

It is also too much to expect Thai businessmen to heed official recommendations. In the world of business the only lessons are the ones taught by the profit line. Hopefully, after the debacle in Cambodia they may yet learn that good ethics may also be good business.

Vietnam Releases 11 Trawlers, 134 Crewmen

BK0301094694 Bangkok Army Television Channel 5 in Thai 1200 GMT 2 Jan 94

[Text] Eleven Thai fishing trawlers with 134 crewmen were seized in early December by Vietnamese authorities on charges of violating territorial waters and later detained in Minh Hai Province.

Deputy Foreign Minister Surin Phitsuwant assigned his secretary, Rayong MP Chakkraphan Yoinchinda, in coordination with Sananchat Thephatsadin, Thai general consul in Ho Chi Minh City, to hold talks with the Vietnamese authorities for the release of the vessels and crewmen and reduction of the fines set by the Vietnamese Government at \$30,000 for each vessel and \$800 for each crewman. After the negotiations, the Vietnamese Government agreed to reduce the fines to \$25,000 for each vessel and \$700 for each crewman. The total in fines paid was some 9 million baht, with 6.5 million from the Foreign Ministry budget and ship owners agreeing to pay the remainder to the Thai Government on an installment basis.

The 11 trawlers, eight from Rayong and three from Samut Songkhram Province, left Vietnam on 29 December and arrived in Thailand this morning.

First Region Commander Discusses Army Role

BK3112013193 Bangkok THAILAND TIMES in English 31 Dec 93 p A3

[Report on "exclusive interview" with Lieutenant General Chettha Thanacharo, First Army Region commander, by Ubon Chanprichasamut; place and date not given—first paragraph is THAILAND TIMES introduction]

[Text] The First Army Region, one of four Army Regions, is the most powerful force, with headquarters in Bangkok and the most important role in national defence. Clearly, every coup attempt would have been successful in their operations if the leaders controlled the First Army Region.

For example, the successful case of the last coup staged by groups from the now-defunct National Peace-keeping Council (NPKC), led by former Armed Forces commander Gen Suchinda Kraprayun was a result of his being able to control the First Army Region.

The First Army Region Commander, Lt Gen Chettha Thanacharo, presenting an exclusive interview to THAILAND TIMES, said the overall view of its yearly operation was satisfactory.

The most important thing, he said, was that they had fully met the policy of the Army Commander-in-Chief, Gen Wimon Wongwanit, both in man power and public assistance.

This year, the Army Commander-in-Chief voiced concern mostly about the drought crisis, said Chettha, adding that the drought crisis will reach the critical stage next summer.

"It was an urgent matter for the First Army Region to coordinate with the other three Army regions to map out assistance measures for those affected by the drought. The manpower and a variety of equipment are prepared to help the people."

The First Army remains on alert for the coming drought situation, coordinating with three main agencies concerned, namely the Provincial Electricity Authority, the Department of Mineral Resource and the Army to mobilize equipment and funds for those adversely affected areas.

"One agency alone can not tackle this serious problem, and the joint cooperation was a need to mostly benefit the people."

Currently, the country is peaceful, without serious problems, only problems along the border which affect the nation, such as Khmer bandits and stolen car gangs smuggling cars to Cambodia.

"The cars must run on the roads, and they will not be allowed to cross to Cambodia. War weapons and ammunition, such as were described to me, are the most serious problem, and serious preventive measures must be implemented as much as possible to prevent bringing them into the capital city and other cities. The violence and crime can not be eliminated if the problem of these fatal arms is not tackled first."

The Army has tried to do its best to suppress the arms, Lt Gen Chettha said, adding that the Suranari Task Force has been successful in arresting countless numbers of them.

The soldiers and the policemen also have tried to do their best to intercept those arms, he said. Lt [as published] Chettha also admitted that it was impossible to be 100 percent successful, and that 95 or 98 percent was satisfactory.

As to the problem of drug smuggling along the border zone, Lt Gen Chettha said the problem still existed but has been greatly reduced. The area where culprits seek to smuggle drugs is along border points where the fighting still remains active, as the smugglers know the situation well, and know the correct time to smuggle drugs. However, smuggling is very rare at border points right now as soldiers have been alerted to the situation and can prevent the smuggling.

Regarding the war weapons and ammunition found in Chanthaburi Province, Gen Wimon said the matter had been concluded without any problems. Every side understood one another, whether problems with soldiers or with police, or soldiers with the Khmer. He said the soldiers clearly explained the situation. There was no

conflict or uncertainty on this matter. We have to help each other for the benefit of the nation as a whole, Wimon said.

As for the incidents along the border zone, the Army has continuously trained border villagers to defend themselves from the enemy when facing a problem. The training courses go back to the period when Vietnam invaded Cambodia. The border needed to be trained to defend themselves or they would be affected by the fighting.

Lt Gen Chettha said the Army has continuously and successfully trained the people living along the border zone regions to love the nation, and to defend themselves and their villages. It was not difficult for them to help society when they were well trained by government authorities, he said.

Apart from this, he also expressed his ideas over the conflicts between permanent officials and politicians, saying that he did not consider it as a problem. It was normal to have conflict in a democracy where everyone has the right to express their ideas.

Even opinions of three people on the same thing are not always the same, but rather definitely different. The thoughts and actions must not be against democracy, he said.

"Every side must find the best resolution on matters of conflict, by discussion the issues with reason, but not emotions, for the benefit of the real happiness and prosperity of our nation."

"I view everything as normal in a democracy. Nobody can force the idea to be the same thing or the same idea. We need excellent and clever ideas but they must be in the scope of democracy and responsibility," said Lt Gen Chettha.

The First Army Commander said the people must be patient, even though they are bored with conflicting ideas expressed by the permanent officials and politicians. It was against democracy if people are blocked in their ideas. So every side has to be based on reason, listening to the truth. He said clear policies have been drafted for each agency, and that they should abide by the rules in order to implement the policy.

Every society and group has done things for the benefit of the common people. It is normal to have a variety of ideas, he said. In a democratic society, a variety of ideas are considered a core factor in fostering democracy.

Everyone must be a dedicated democrat and his actions has to be within the scope of democracy, said Chettha.

Chettha said he himself was optimistic about the image of the soldiers, although many people were pessimistic, saying, that he was ready to listen to the voice of the majority.

The people would judge it on an individual basis, not relating the mistake to the institute. Whoever was found violating the rule of the soldier must be punished without exception.

"I was surprised by the criticism hurled at the image of soldiers claiming a soldier was nobody else but the one carrying out his duties to defend the nation. It is impossible for every soldier in the Army to be good since each comes from a different family."

Everything must be based on fairness, and violators must face the punishment, said Chettha, adding, everyone must follow their commanders.

"Every soldier must act like a hero with a compromising mind, and keep calm when people turn to them for help," Chettha added.

National politics, with the soldiers in 1994, is very strong and stable. It is considered the best of all ages of the Army institute. He added that the military will not be involved in national politics. The Army was to follow all governmental policies.

Even if political uncertainties exist, it must not affect the Army. In principle, government must work for prosperity, peace, and the well-being of the people. If it strictly follows the regulations, problems would not occur.

Disney To Take Action on Pirated Products

*BK0401021594 Bangkok THE NATION in English
4 Jan 94 p B2*

[Excerpts] Disney Consumer Products International Inc a subsidiary of the world's cartoon king The Walt Disney Co, will take more serious action against pirated products as warnings do not work in Thailand, said Malathip Khunwattana, country manager for Thailand.

After two years in Thailand, the company, which handles the merchandise licensing and marketing of Disney consumer products, found piracy one of the worst barriers to the growth of the company and its licensees.

"We have worked closely with our lawyers and detectives to trace the sources and manufacturers of these pirated products. Our licensees also inform us immediately when they see fake Walt Disney consumer goods," she said.

"Sometimes, we sent letters of warnings, telling them to stop such unfair practices. But this system does not work efficiently here. Sometimes we asked police to arrest them and seize the fake goods. But most serious sentence is to fine them thousands of baht for malpractice. And we usually see them selling the copied products again on the next day, perhaps at a different place."

To ensure its licensees of protection, the company plans to take more serious action against pirates. As the country's copyright law has been improved, the company

will begin by asking the police to arrest the manufacturers and sellers of the counterfeit products while the issuance of warnings will be reduced.

"Licensees would be very happy to be strongly protected because they have paid a huge sum for the licence to produce copyrighted products," she said.

She noted that some people who used to produce unlicensed Disney products approached the company, asking to be a licensee. The company very much welcomes them because it means that their product quality will be improved and there will be less piracy.

Strong protection is the most important duty for Disney Consumer Products. When the company was formed in late 1991, it handled only about 10 licensees. Malathip calls them the "grandpa generation" because they are the pioneers in Thailand. Now, the company has approximately 60 licensees in the country.

The company saw dramatic growth in revenue during the 1991/92 fiscal year of around 200 per cent and has continued to enjoy remarkable revenue growth in 1992/93 at 160 per cent.

With rapid growth, the company is looking forward to expanding its marketing department. When the company was established two years ago, there was only Malathip and her secretary. Now the office has a staff of about ten. To cope with the growing business, the company will have to recruit more employees. It expects to have more than 20 in 1994.

Everybody in the company has to work hard because the second most important duty is to provide full support to the licensees. The company works continuously to come up with new promotional campaigns to help its licensees.

"We enjoy ourselves very much creating new promotional campaigns. Campaigns allow our licensees to work together to promote their products." [passage omitted]

"We are here to make our licensees' lives easier. They can go ahead with their development plans without worrying because we will provide them full support and protection." [passage omitted]

Official on Effect of Brain Drain on Diplomacy

*BK0201031894 Bangkok THE NATION in English
2 Jan 94 p A1*

[By Somchit Siturongkhathum]

[Text] The Foreign Ministry is drastically short of diplomats qualified to negotiate multilateral trade agreements. The brain-drain to the private sector has gutted the pool of experienced talent. There are at most 10 diplomats able to negotiate at international levels, the ministry's Deputy Permanent Secretary Pratyathan Dawi Tawethikun, told THE NATION. "We now lack officials who are eligible to represent Thailand at global-level negotiations."

"The permanent secretary is very concerned about the matter," he said.

During the fiscal year Oct 1992 to Sept 1993, four C-10 diplomats left the Foreign Ministry, including the former ambassador to Brussels Danai Dulalumpha, one of the few Thais well acquainted with the European Community market. Three C-10 diplomats resigned the preceding three years. Senior officials are urgently seeking a way to reverse the drain of talent, and to train promising middle-ranking and junior staff.

Officials trace the start of the brain-drain back to 1990, when the private sector's high pay strategy first began to influence Thai society. The number of qualified applicants for the annual intake of staff has also dropped. Not all ministry officials, however, regard the situation as critical and say it is only to be expected that the most experienced people, having already fulfilled their ambitions within the ministry, should look elsewhere for a fresh challenge.

"They have fulfilled their career goals. Now that they have honour money and connections they can go into businesses or even take a rest," a mid-level official said.

Another senior official also said the resignation rate amongst senior officials, although high, was not of too much concern.

"The situation is not worrying when compared to resignation levels at other ministries," he said. He admitted, though, that the number of resignations had also increased at the lower and middle levels.

During the past three years, about 20 C-4 to C-8 grade employees had resigned from the ministry, which now had a staff of less than 1,200 and was the smallest in the government. However, he was not too worried and insisted the Foreign Ministry was still an attractive career option.

"A career here is promising for people who want to be diplomats, to travel and live overseas," he said.

There were about 70 C-10 positions in the ministry, and ample opportunities for people with ambition.

Another ministry source said there had also been a dramatic decrease in the number of applicants for junior openings, at the C-3 and C-4 levels, during the annual recruitment.

A decade ago when there were more than 4,000 applications for the approximately 40 openings each year, this year there had only been 1,200. However, Pratyathan Dawi said the drop in applications was not a problem as most of the new recruits were highly qualified.

"It's not only the Foreign Ministry which attracts fewer applicants. But we can take comfort that those entering the ministry are capable," he said. However, in order to

keep experienced staff and attract quality recruits the ministry had to compete increasingly with the private sector.

The ministry recently gave government scholarships to 60 people to continue their studies, some to PhD levels.

"This way we can ensure that these people will come back and join the ministry," he said.

A C-6 official told THE NATION he was proud to work at the Foreign Ministry and had no plans to quit.

"I am satisfied with what I am doing here, despite the low income," he said. "Most of us here don't have any financial problems. But if I was offered a salary of, say, Bt [baht] 50,000 by a private company, I might go," he said.

A C-4 staffer said she would not leave the ministry since she was accustomed to being part of the bureaucratic system, in addition to the pride she had in her career. She said not all of her colleagues shared her thinking. Several junior officials had left the ministry during her three years there.

"The most popular reasons for resigning are the low wages and the boredom of working in a bureaucracy," she said.

Vietnam

Vo Van Kiet Addresses Assembly Opening 6 Dec

BK0201074694 Hanoi NHAN DAN in Vietnamese
7 Dec 93 p 1-3

[Speech by Prime Minister Vo Van Kiet at the opening of the fourth session of the Ninth National Assembly in Hanoi on 6 December]

[Text] Dear Presidium and delegates: You must have copies of those government reports on its plans and state budget to be presented before the National Assembly. These reports review the implementation of those tasks set forth by the National Assembly in its second session for 1993, evaluate the first three years of implementing the five-year 1991-95 plan, present the course of socio-economic development for the two remaining years, especially for the year 1994. The National Assembly will hear supplementary reports on national defense and security, on foreign relations, on mountain area socio-economic development, on the enforcement of the new wage system, and on the fight against corruption and smuggling.

The report I am presenting before the National Assembly for consideration will further provide an analysis of a number of assessments and major policies.

I. Urgent requirements and ability to enter a new stage of socioeconomic development:

1. In 1993, we have continued to further develop the achievements of 1992, and fulfilled and exceeded all major targets set by the second session of the Ninth National Assembly in its resolution on tasks for 1993.

Generally speaking, in the three years from 1991-93, the average annual gross domestic product (GDP) increased by 7.2 percent, which was higher than planned in the five-year 1991-95 plan.

In agricultural production, although there were a number of areas stricken by natural calamities each year, we were still able to achieve our development targets. In 1993 alone, extended drought, typhoons, and floods occurred in many central region provinces, but the country was still* able to increase its agricultural production output to 24.5 million tons of food grain, thus attaining the target set forth for the year 1995 [year as published]. In those areas stricken by natural disasters, prices continued to be stable, and production and the people's normal life were promptly restored.

The production of various industrial and service establishments belonging to different economic sectors have, in general, adjusted fairly well to the market system. The annual industrial production output increase was higher than planned. Export values and budget revenue rose at a rate higher than that of production growth. Economic relations with foreign countries expanded quickly. Balance of payment was improved, foreign currency inflow adequately met the import demands of those materials and goods needed for production and everyday life. Internal reserves have started to grow. Living standards of a bulk of the people have been improved.

The constant growth achieved by many economic sectors in various domains over the past three years shows that our economy now has come out of recession.

Along with the economic growth, inflation was dispelled as evidenced by the fact that the inflation rate for the first 11 months of 1993 was merely 4 percent. It is certain that inflation will be at the single-digit level for the whole year. Smuggled goods had some impact on efforts to reduce inflation because they made the price of certain home-made industrial goods less competitive. However, the main factors leading to price stability were the growth of commodity production and circulation, improvements in the regulation and circulation of currency, and the increase in material reserves. This enables us to make interventions whenever there is an unexpected market upheaval. Although there are still unstable factors such as great budget overdraft and small foreign currency reserves, our inflation control ability, in general, shows greater improvements than before.

In the cultural and social field, although many important problems still remain to be solved, compared with preceding years, there were better improvements in the implementation of various programs—such as the program to create employment, the program to popularize elementary education and to gradually improve educational qualities and the research and application of

scientific and technological innovations, the program to expand radio and television broadcasting coverage, the epidemic control program, the program to develop physical education and sports, the program to do away with hunger and poverty, and the program to repay the kindness of those who sacrificed their lives for the country.

Generally speaking, we were able to overcome by a very significant step the socioeconomic crisis. Most notably, we overcame the economic recession, dispelled inflation, firmly maintained political stability in a very tough and challenging situation where there was no foreign financial aid and where the U.S. embargo was still in place. All these achievements have testified to the vitality and shrewdness of our Vietnamese nation and people, and to the fact that the renovation policy of our party and state has suited the reality of our country. These achievements have also demonstrated our people's strengths and capability to achieve self reliance.

The success of the renovation process is inseparable from our multilateral and diverse external relations policy. This policy has won the sympathy and support from other countries and international organizations and has paved the way for the integration of our country into the world community. The image of a renovating Vietnam wishing to befriend all countries received worldwide welcome and high appraisal, thus creating favorable conditions for our international relations.

The following factors have further enhanced our position and strength and created the necessary conditions for a new stage of development:

A. A vast majority of our people trust and enthusiastically support the renovation undertaking, regarding this cause as their own because it works for the fulfillment of their goals. Because the economy is well-motivated, it has encouraged production and business activities across society. Socioeconomic activities have not been in completely good order or well organized. Nonetheless, we have succeeded in reviving the people's dynamism and creativity and eliminating the negative attitude created by the state subsidization system. This is a very important factor in development.

B. The development environment has enjoyed the following basic factors, which are more favorable:

—First, we have maintained political stability; pursued a policy of peace, friendship, and cooperation; and broadened our relations with almost all the nations in the world.

—Our success in checking inflation has created the conditions for stabilizing microeconomic activities and reduced the risks for development and investment projects.

—Positive efforts have been made to amend and perfect our legal system.

C. The material conditions for development—though still limited by the shortage of capital, technology, marketing, and infrastructure—still represent a great potential that awaits future exploitation.

—As far as our country is concerned, the economy has begun to show an increase in capital accrue ment. Between 1991 and 1993, the ratio of investment capital generated by the national economy was 4.8, 6.9, and 12.7 percent respectively compared with the gross domestic product. This shows that we have successfully put an end to the decrease in investment capital accrue ment which occurred over the past few consecutive years. The sources of capital among the people that can be tapped to serve investment and development remain substantial (it is estimated that in 1993 this capital amounts to 20 trillion dong, of which 8 trillion dong has been used, mostly to cover housing development projects). Our new policies and lines have created a new stimulus in many sectors and occupational areas, especially agriculture and the rural economy, where the people's manpower and material resources play a key role. Along with the state-provided investment capital generated by the national economy and international development aid, we are now retaining more and more material reserves from previous years. It is possible that we can increase them quickly in the future.

Regarding the outside world, our ability to acquire capital and technology has grown quickly despite the impact of the U.S. trade embargo. The breakthrough in our credit ties with international financial institutions has strongly stimulated multilateral and bilateral international development aid. A total of 22 countries and 17 international organizations sent delegations to the recent Paris conference of Vietnam's aid donor countries. These countries and international organizations pledged to provide our country with 1.86 billion U.S. dollars in development aid in the 1993-94 fiscal year. Direct foreign investment has continued to increase. It is noteworthy that foreign investment capital for 1993 reached about 800-850 million U.S. dollars, twice the amount invested in 1992. The current pace of foreign investment capital inflow depends mainly on our ability to receive and make effective use of it.

The above-mentioned factors present tremendous opportunities for development. Opportunity does not come spontaneously. It comes through the personal efforts of our entire party and people together with the trends of peace, stability, and cooperation in the region and other parts of the world. Opportunity would not have brought us success if we had not seized it and developed it in time.

2. The new stage of development requires an effort to grasp opportunities and the ability to understand clearly those weaknesses, difficulties, and obstacles that must be overcome.

A. Our economy is still rife with many factors of instability; this could lead to upheavals.

Slow efforts have been made to improve the quality of the socioeconomic infrastructure, which, in some cases, has deteriorated. The savings and investment rates are still low. A substantial part of the people's potential has not been tapped or developed into productive activities. Public assets and state investment funds are being embezzled or seriously wasted.

The work force has not yet been brought into full play. Economic efficiency is still low, thus limiting the sources of investment capital and material reserves as well as our ability to improve the people's standard of living.

Our market economy is still in the nascent stage. It has not developed fully and has not been managed in a satisfactory way. This is because our legal system is not yet unified, and our abilities and efficiency in macro-management do not meet requirements. Moreover, weaknesses and negativism are still prevalent in our administration, financial, and banking systems as well as in the state-run business sector. Corruption and smuggling persist and inflation may return.

B. Many social changes have been slow, and there are still many tough issues that remain a source of public concern, especially unemployment. Social vices and crime have been on the increase. A considerable number of people are accumulating wealth illegally, while many honest people and those with meritorious national deeds are facing difficulty in their livelihood.

C. Now entering the in-depth phase, renovation is growing comprehensive and is experiencing more difficulties. Those with vested interests have been affected. At the same time, renovation requires higher revolutionary awareness and better leadership and management knowledge.

Corruption, ineptitude, a poor sense of organization and discipline, and bureaucracy among a considerable number of cadres in many state agencies and organizations at various sectors and echelons—in both the administrative and trading sectors—are negating many policies. They are hampering and undermining renovation and reducing the people's confidence. They are a challenge to the party leadership and the state management.

Meanwhile, external and internal hostile forces are seeking to sabotage us. They have not missed any opportunity to weaken our internal ranks further.

To prevent internal disorder and external manipulation, it is inevitable that we must overcome our subjective shortcomings in leadership and management and the corruption and ineptitude of our contingent of cadres.

3. The greatest challenge to our nation and regime is slow economic development. Poor economic performance will leave our country further behind. We will remain weak and uncompetitive and lose out on international cooperation. In the current world, where the brutal

economic race is emerging as the most important issue, further economic decline may lead to political and social instability and may constrain our efforts to consolidate our national defense and security and protect our independence and sovereignty.

To meet this challenge, we must promptly seize and make full use of any opportunity to dispel danger. We must carry out socioeconomic development at a quick and steady pace to build a prosperous people, powerful country, and an equal and civilized society. We must strive to narrow the development gap with neighboring countries. These are the people's aspirations and pressing demands. These will also determine the durability of our regime, guarantee national development in accordance with socialist objectives and orientations, and foil enemy schemes and actions to undermine and violate our national sovereignty.

The only way to achieve this is to continue to accelerate the renovation process, both in scope and intensity. We must further develop a sense of independence, mastery, and self-reliance; practice thrift for national construction and defense; and broaden international cooperation. Only by developing our internal strengths to the full can we attract and make satisfactory use of our external resources for quick development. Waiting for and relying on external assistance will lead us into a state of dependence and restrain national growth. This is not an understood principle, but reality has proven it to be true.

What can we draw on from the above analysis? The conclusion is that in 1994, we can and must open a new era of socioeconomic development in our country. The future GNP growth rate must not be less than 8 percent a year. We must try to double our 1990 GNP by the year 2000, so that the conditions will be set and the momentum generated for more rapid national development as the country enters the 21st century.

In previous years, we had to concentrate our efforts on overcoming economic recession and inflation and achieving social and political stability. From the beginning of 1994, although we will still be concerned about stability, we will also have the conditions to allow us to focus our efforts on accelerating economic development and producing more drastic social changes to improve the people's material and spiritual lives. There will be more opportunities for us to consolidate political stability and strengthen national defense and security. This is the way to bring our country through its socioeconomic crisis so that it can enter into stable and steady development. In leadership and management, we must not concentrate on resolving urgent and unexpected issues. Instead, we must resolve fundamental and strategic issues to spur the restructuring of the economy toward industrialization and modernization in order to attain rapid economic growth with higher results and achieve better social order, justice, and progress.

Our socioeconomic development course for the next two years and our plan for 1994 are based on that spirit.

Here, I would like to clarify further a number of major issues. I will also emphasize each issue that requires deep understanding or a new approach.

II. What should be done to ensure quick and long-lasting economic growth?

I. Accelerate investment and development and gradually shift the economic structure toward industrialization and modernization.

In the past three years, total investment in the entire society has reached 68.8 trillion dong. Investment is expected to be about 41 trillion dong in 1994, an increase of 32 percent over 1993. In 1995, it will reach about 52 trillion dong. Total investment in five years may equal or exceed the target outlined in the 1991-95 socioeconomic strategy plan extending to the year 2000. It will create a prerequisite for economic development and the improvement of employment in our society.

A. What are the capital resources for investment?

The most fundamental and important capital resource is domestic savings and reserves.

All those who care for the country and uphold the national tradition are aggravated by violations of the public property and lavish expenditures by agencies and state-run enterprises as well as in society. These practices should be condemned, especially when our country is still poor, our people's standard of living is low, and our national reserves are minimal. The government is responsible for formulating and implementing laws and policies to promote thrift and investment and oppose corruption and waste. In leading our nation into a new stage of development, we must formulate measures, mobilize the work force, educate the people to make them realize our nation's important current position, and launch a mass movement to promote thrift and denounce embezzlement, waste, and prodigality. We must strive to create a psychological feeling in society that practices such as buying luxuries and spending lavishly on engagement and wedding parties, funeral services, and other feasts are acts that should be condemned rather than honored.

The following are the government's lines and policies on exploiting and using capital investment resources in the years ahead:

—There is great latent potential in capital resources among the people and economic units. This is an effective source of investment that needs to be exploited with suitable policies to encourage savings for production investment. We should promulgate laws soon to encourage domestic investment with preferential conditions similar to those provided for foreign investment. We must implement various forms of shareholding; sell more promissory notes; enhance the capabilities of various enterprises in investment, including state-run enterprises; simplify regulations on business registration for all kinds of business establishments; and strengthen measures to promote

investment and improve services. Efforts must be made to encourage domestic investment, especially in projects that do not need sophisticated equipment but can produce essential goods that meet market demands, thus making profit in a short period of time (these includes projects in food processing, hotels, tourism, and so forth). Efforts must also be made to increase the proportion of domestic capital in various projects and joint ventures signed with foreign countries.

We must quickly develop the capital market; reform, and improve the activities of the banking and financial system to mobilize idle money for savings accounts, insurance funds, bonds, and shares. We must increase investment credit resources, including government credit. We must quickly expand medium and long-term credit resources to meet the demands for capital for investments in development. We must also satisfactorily prepare conditions that will enable us to experiment with the setting up of stock markets, firstly, in Ho Chi Minh City and Hanoi.

—Government investment sources include domestic reserves and bilateral and multilateral foreign aid for development (mostly consisting of concessional loans and some gratuitous aid). The foreign aid committed by the recent Paris conference is a benefit. However, we still have to settle old debts to clear the way for foreign credit. We should also realize all the difficulties and complications in using loans from this source. This is so that we can calculate loan effectiveness as well as our repayment capacity to avoid losses and inactivity.

—Government capital from national budget allocations is reserved only for infrastructure projects where the investments cannot be redeemed. Increasingly, mutual credit organizations, partnerships, and shares in enterprises in different economic sectors are a source of investment capital. This investment system will be applied to the 1994 state plan.

To efficiently use government capital resources and to avoid loss and wastage, it is necessary to solve the following issues:

—Investment projects must be well-planned and closely connected with long-term regional economic development planning. On that basis, government capital can be reasonably coordinated in a concentrated form, and its dilution avoided. This is the main duty of the State Planning Commission which it must carry out together with its reforms in organization working methods.

—The management of investment capital must be strengthened. Construction prices must be adjusted to suit real conditions. Methods for bidding, planning, construction, and approval must be perfected. We should use foreign and domestic consultancy services in these areas.

—The management structure of state capital investment should be reformed in conformity with experiences learned from the management of foreign concessional loans to our country.

—Approved projects must be timely funded according to the progress in construction. Responsibility for material loss caused by the funding organ to construction projects must be clearly stated.

Direct foreign investment is the most important source of foreign capital, which is mainly attracted by a favorable investment environment that contains little risk, disturbance, and trouble. It is important to improve the investment climate. At the same time, we should have policies to attract foreign countries to invest in our preferential sectors and regions. Investment commitment should be closely supervised, especially in the transfer of technology and environmental protection. It is about time that we pay attention not only to investment attractions but also to how registered capital is utilized and how enterprises already in operation are managed. From now on, the main index for foreign investment will be its capital and the effects on the economy.

B. Investment orientations for improving the economic structure as an initial step toward national industrialization and modernization under the socioeconomic development strategy from now to the year 2000.

In the next two years, we must concentrate our efforts on the following tasks:

—Strive to bring about prominent changes in the structure of agricultural production, and gradually industrialize agriculture and the rural economy in accordance with the party Central Committee's Fifth Plenum resolution. This should be carried out through the use of the people's capital and efforts under state guidance and support. Market demands at home and abroad and new and current production conditions have enabled us to become self-reliant while concentrating more efforts on improving agricultural production. All regions, especially mountainous and coastal areas, must strive to improve their production structure and develop their advantages to contribute to fighting poverty and hunger effectively. Effort must be made to provide more electricity to promote and accelerate agro-forestry-fishery processing industries at various levels. This will help improve the socioeconomic condition in rural areas, while building more agro-industrial economic models to strengthen the multisectoral economy.

—We must attract foreign investment and encourage domestic investment to exploit and process natural resources covering bare hills and mountains, and develop export production and services to create more jobs. These are the main sources of capital for forming a new industrialized and modernized structure.

- The state must concentrate its investment in infrastructure projects, especially in the electrical transmission system, land and railway routes, seaports and airports, water reservoirs, internal telecommunications; and scientific, industrial, cultural, and social research institutions as well as education and public health services.
- We must conduct research, anticipate, and correctly pick key development areas for the future, so that timely and essential preparations for further development can be made.
- We must manage, supervise, and strictly control the import of technical and technological equipment. The import of obsolete and expensive technical equipment for production especially those that pollute the environment must be strictly reviewed and controlled, especially when the state budget is used to buy such equipment.
- Accelerate the planning process for major economic areas in three regions and develop the locomotive effect that stimulates development in other areas. Plans for each area should accommodate its full potential and advantages in close association with the activities of major economic areas. The state shall support and take priority in giving foreign gratuity to areas with difficulties, especially border areas and offshore islands, areas inhabited by ethnic minorities, and sites of the former revolutionary bases. The state shall also focus assistance on the building of socioeconomic infrastructure projects, while formulating appropriate mechanism and plans to help regions and localities exploit their capabilities for further development.

The government recently worked with localities that still have numerous difficulties in determining orientations for development, concentrating on a number of programs and objectives from now until the year 2000 aimed at overcoming poverty and underdevelopment, thereby creating a prerequisite for rapid development in the 21st century.

While carrying out national projects to improve electric, transportation, and communications network, provinces in the central coastal region should concentrate efforts on the following key projects: First, the preservation and planting of forest trees in close association with the settlement of nomads and protection of the environment. Second, the improvement and adjustment of crop patterns to avoid natural disasters, the planting of appropriate industrial crops on denuded hills, and promotion of the processing industry and development of livestock breeding on a larger scale. Third, the exploitation, raising, and processing of aquatic products in close association with the efforts to protect coastal areas and offshore islands. And fourth, the provision of sufficient water for agriculture, forestry, industry, and domestic use in rural areas.

Provinces in the Central Highlands should also concentrate their efforts on carrying out these projects (excluding the production of aquatic products). They should make more efforts to improve forestry, plant more industrial crops, strengthen livestock breeding, and promote processing industries.

The northern highland provinces need to concentrate on building a socioeconomic infrastructure with the support of the central government. This includes a transportation, power, water supply, and communications network; education and training facilities, especially boarding schools for ethnic children; tertiary education and research establishments; a public health care network from the tribes, hamlets, and villages up to districts and provinces; the transmission of radio and television programs; and the development of cultural and information services aimed at restoring and developing the unique cultural characteristics of ethnic peoples.

In economic development, we must improve the economic structure of planting, animal husbandry, industry, services, and skills according to the party Political Bureau resolutions, government decisions on socioeconomic development in mountainous areas, and Government Directive No. 525 on practical guidelines and policies. The highland provinces and districts must remain close to the grassroots level and review experiences in order to build their own economic development models that suit local conditions and ethnic characteristics. The government will choose the most difficult mountainous province and district to supervise directly and draw experiences. In early 1994, the government will work with localities in the Red River delta and the Mekong River delta to establish directions for their economic development.

2. Exploiting the potential and enhancing the work efficacy of economic sectors.

Uniform implementation of the multisector economic policy is a significant factor that greatly contributes to the success of renovation. We have to continue renovating and implementing effective mechanisms and policies on different economic sectors in a satisfactory manner, however, in order to unleash the production force completely.

A. As a poor and underdeveloped nation, and with the aim of building the national economy and ensuring the state's role in a macromanagement system, Vietnam must strive to guide and help the economic sectors develop further along a socialist orientation. Efforts must absolutely be made to develop state-run economic and business enterprises. It is necessary to say that state-run economic enterprises do not just include business establishments, but also financial and banking institutions as well as national reserves, land assets, and other state properties. We must have a panoramic view of the state-run economy in order to manage, preserve, and develop national assets effectively. Ownership of all national assets must be defined. We must urgently carry

out the allocation of land and forests to peasant households, concretely resolve land problems in urban areas and zones used by enterprises, build houses for sale or rent, and sell or rent enterprises or other establishments that the state no longer wants to operate. These tasks must be performed in line with the government's uniform guidelines, and money derived from the sale or rental must be transferred to the state budget.

Although state-run enterprises have been reorganized even further, their structures are not rational and key sectors have not been properly integrated. Many state-run enterprises are too small, are equipped with outdated machinery, and are operating at very low efficiency.

Therefore, on the one hand, we must continue to arrange and correct those enterprises in a more urgent and resolute manner. We must differentiate public service enterprises—which serve the common demand and benefit socioeconomic development, so the government needs to have appropriate structure and management systems—from business enterprises whose existence and development depends completely on their business performance.

On the other hand, we need to continue developing state enterprises in some necessary sectors and domains, such as grassroots establishments and some production enterprises that require a large capital and high technology, especially in heavy industry. The government will concentrate on changing some state enterprises in key areas into strong economic organizations that compete strongly in the international market and enjoy high efficiency. This will provide important financial contributions to the state budget. These enterprises must be reorganized and connected with commercial banks, import-export companies, and national and international transport services to form major economic organizations. The important thing is that the connection must be based on mutual economic benefit, ownership relations, and development strategies; not on administration arrangements. State enterprises compete and cooperate with enterprises from other economic sectors. In the process of forming big economic corporations, enterprises from other economic sectors can join in the form of collective ownership.

For those enterprises no longer under state management, we should definitely settle them by transferring their ownership, lending out, merging with other establishments, or abolishing them. Realities at many agricultural units, forestry sites, trade and business establishments, and transport corporations show that the application of the contractual system and the transfer of some machinery and equipment to the workers at state-run enterprises have brought about remarkable economic results.

One of the most effective measures to create enthusiasm among workers, to overcome the condition that no one is responsible for state properties, and to oppose negativism is to introduce a shareholding system at state

enterprises. This will allow civil servants and workers to share ownership at these establishments. To carry out this task, efforts must be made to clearly define the proportions of shares to be held by the state, those for the workers, and those for sale to private organizations and individuals and to foreign businessmen, and so forth. The government has been slow in drawing practical experiences, formulating legal documents, and providing training and guidance to introduce the shareholding system to state enterprises.

By looking at actual situations, we now understand that the state management function over all enterprises, regardless of different forms of ownership, must be clearly detached from the ownership-related function over the state enterprises. All the ownership-related functions should be concentrated on a state organ responsible for the management of all public capital and property and representing the state ownership in public companies. This organ is also charged with the duty to select officials who will become government representatives in the management boards of public companies where the government has invested. Consequently, the structure allowing the management of government ministries and departments over economic enterprises and the confusion arising from state management function and ownership-related function and the discrimination between the central economy and the local economy will have no reason to exist.

B. Efforts must be made to renovate cooperatives, develop the economic autonomy of cooperative members, and strengthen new economic cooperation in the rural areas in accordance with the party Central Committee's Fifth Plenum resolution. We must review experiences to provide guidance and assistance to build and develop various appropriate economic cooperation at various sectors and occupations.

C. It is essential to abolish regulations banning or creating difficulties for individual and private trade. At the same time, we must strengthen law enforcement to oppose unregistered business, counterfeiting, tax evasion, or other illegal activities.

The law clearly clarifies all banned trades and services and those that need to obtain a license before operating. Besides this limit, all business investments meeting all regulated conditions, irrespective of individual or private business, only need to register for their business, provided that they will conduct their business as registered.

We must apply a credit policy that works on the socioeconomic result and repayment capacity and that does not discriminate against any economic sectors. Under that spirit, we will increase credit percentage to the collective economy, individuals, and private business, especially peasant households.

D. We must create a clear framework for healthy business operation and competition and strictly deal with illegal business practices from any economic sectors. We

must reexamine all cases of trade monopoly so that we can apply measures to limit the bureaucratic practice in the provision of goods and services.

The government will provide favorable conditions and active support for the establishment of contingent of able businessmen of all levels, from the heads of a family business to managers of major corporations, considering this as a decisive factor to develop the economy in an active, efficient, and discipline manner.

3. Expanding Economic Relations with Foreign Countries.

We are enjoying new favorable conditions in international relations at present. However, in expanding and enhancing the efficiency of foreign trade, we must rely on production development in accordance with the open door economic structure while strengthening exports and diversifying trade relations with the outside world.

New prospects for attracting foreign capital and technology require intensive efforts to develop domestic potential and maintain close management if we are to welcome and use these sources of foreign capital satisfactorily. Meanwhile, we must increase our macromanagement abilities in an effort to avoid hasty investments, as this may lead to imbalances and renewed inflation.

We must continue to ensure that exports develop at a faster pace than the economy (which is expected to increase 20 percent by 1994 and 25 percent by 1995) while making gradual efforts to improve the range of exports.

The consumer market is emerging as a very important factor in production. Production in general—and exports in particular—must proceed from market demand. We must not turn out products before efforts are made to search for markets.

The increase in certain processed goods—such as knitwear items, garments, and aquatic products—is currently quite large. Yet some export-oriented products—including mineral ores and farm produce—are mainly raw. They continue to account for a large proportion of exports and have been exported through middlemen. There is still a lack of stable markets for a wide range of export-oriented goods. Therefore, increasing processing capabilities—particularly for farm produce—must be given top priority in our investment promotion policies, including the policy to promote foreign investment. From 1994 on, we must map out and implement a plan to develop major export goods (with an annual export value exceeding \$100 million). We must harmoniously tackle various issues, ranging from investment capital obtained from various sources to various state structural policies, and from production and exploitation to processing and consumption, in a gradual effort to create a steady source of customers in the world market.

Economic sectors and establishments must renovate their technology so they can turn out high-quality products (of all categories, designs, and packaging styles) at an attractive price for local and foreign markets. We must be very strict on quality standards for exports and in the observance of contracts, in an effort to maintain our credibility. The government will introduce administrative regulations governing those goods bearing the "Made in Vietnam" trademark.

Production establishments must improve their ability to approach markets in an effort to take the initiative in finding customers. We must develop the role of chambers of commerce and trade in support of various businesses. We must reorganize our work in statistical and economic information. Not only will this benefit leadership and management activities, but it will meet the needs of businessmen. We must broaden our activities in existing markets, restore our traditional markets (China, former Soviet republics, and East European countries), and explore new markets (such as the European, Middle East, African, and Latin American markets). We must prepare to enter the U.S. market when conditions permit.

To promote vigorous exports further, we must continue to renovate our management mechanism, narrow the range of products under quota management; reduce red tape, particularly in the granting of licenses; and promptly deal with fluctuations in the foreign exchange rate. Imports must be placed under tight control through the tariff policy, foreign exchange rate, customs controls, and other necessary administrative measures. Efforts to limit imports to protect local products must be carried out resolutely and constantly, both at entry points and on the local market. Measures must be taken against the smuggling of cheap imports, as this may cause stagnation in the sale of local products. It is important that local products meet highly diversified demands, suit the tastes of various consumers, and become increasingly competitive with foreign goods.

In the future, the number of foreign visitors entering Vietnam and overseas Vietnamese returning home to visit will grow rapidly. This requires the tourism-hotel sector to achieve extraordinary growth, both in terms of material conditions and service quality. In building new hotels, attention must be paid to mobilizing capital from domestic sources in various forms. Efforts must be made to shift hotels and guesthouses from various public organs and enterprises to the system of business accounting. We must renovate and upgrade a number of these facilities to travel lodges.

4. Renovating and improving the financial, monetary, and credit situation.

A. The 1994 budget faces great financial needs for investment, development, and solutions to social problems. As the volume of foreign investment capital increases rapidly, we must ensure there is sufficient domestic capital to match it. Therefore, we must follow

a new approach to ensure budget equilibrium. State revenues, which come from domestic collections and nonrefundable international aid, must be used to meet regular spending, pay debts, and cover investment and development costs (in 1994, we will have to allot about 15 percent of our state revenues for this purpose and probably more in subsequent years). Regarding the lack of additional state revenues to carry out investment and development plans, we must rely on capital borrowed from the people (let's increase the ratio of mid- and long-term loans step by step) and from foreign countries (from now on, let's apply only for long-term foreign loans at low interest rates to meet investment and development goals). Definite steps must be taken not to circulate new money to serve budgetary and credit purposes. Regarding those funds that the government has obtained from foreign countries at low interest rates to assist various projects—including infrastructure projects—which are likely to generate sufficient income to help pay back capital, they must be shifted to the form of state credit loans under which the beneficiaries are duty bound to make fair payments on both principal and interest. This is the only way to generate income to pay for foreign debts.

By the way, it is worth saying something about the amount of foreign debt now due. These are relatively enormous figures. They include loans we had to borrow to make up for spending under the state subsidization mechanism, namely materials for production, grain, and certain kinds of consumer products. Regarding foreign loans to import equipment, a number of production installations have made good use of these loans. Generally speaking, however, some of those loans have generated insignificant results, while others have not been put to use yet. To pay for our debts, we do not have any alternatives other than making efforts to develop our economy and improve its performance. Therefore, it is necessary to make use of all kinds of new loans at low interest rates and work out tight management measures to guarantee effective use, thus helping make the economy stronger and capable of generating income to pay for both old and new debt, increase state revenue, and improve the standard of living. Immediate measures, however, must be taken to end the unhealthy situation in which we fail to exert close control and management over the application for foreign loans by the various sectors and localities, as well as to the bad practice of many foreign loan beneficiaries who, once they are unable to pay their debts, shift the entire burden to the state.

Efforts must be made to improve the tax collection system, reduce tariffs for some goods that need promotion, apply a modestly higher tax rate to suit the conditions in our country, strive to collect all taxes levied on imported goods, and improve tax collection to help increase the proportion of procurement derived from the gross domestic product (GDP) (in 1994 it is estimated at 24 percent). The budget deficit in 1994 should be lower than that of 1993, and lower than 5 percent by 1995. The

main source of capital to offset the budget deficit comes from investment and low-interest loans from other countries. While we are striving to increase our national budget, we must promote business activities, encourage people to practice thrift, and invest in and improve the production of goods so as to increase income. Efforts must be made to rationally settle capital depreciation at state-run establishments to ensure their continued operation, especially those at the grass-roots level.

Efforts must also be made to improve the management of the state budget in conformity with the objectives and division of authority and responsibility defined for the various levels of the administration; grant more budget authority to ministers for specialized projects related to the work of their ministries; and accelerate the promulgation of the law on the state budget.

I would like to stress here again that while implementing various financial measures, we must strive to overcome such negative practices as lavish spending, using state funds to buy gifts, and organizing feasts to celebrate founding or major anniversaries. The government will issue regulations on these expenditures. The regulations will clearly define prohibition on unessential expenditure and ask the people to monitor and expose violations. For the immediate future, during the forthcoming Vietnamese Lunar New Year, we must stop using state funds to buy gifts for officials of various state organizations, regardless of their positions.

Banking service: The State Bank, with its increasing authority for regulating money circulation, must closely observe market indicators to control the amount of currency in circulation, ensure that inflation will be kept to the single digit-level, and stabilize the value of the dong. In 1994, the bank must concentrate its resources and apply many measures, including the computerization of its services, to ensure speedy and convenient services in all situations. It must designate appropriate interest rates to attract all enterprises and people to deposit their money and use the banking services. We must have measures to deal with high interest rates on credit, which are causing difficulties for business and obstructing development investment.

We have to build and develop an inter-banking market for both Vietnamese and foreign currencies so that we can regulate capital resources and encourage the development of a capital market. The bank must quickly expand the non-cash transaction services by applying more advanced methods.

It is necessary to forestall high inflation and great fluctuation in exchange rates when foreign currency resources are increased rapidly. The exchange rates between the dong and the U.S. dollar must be settled step by step to stabilize the true exchange rate (in consideration with the fluctuation of the dong and other foreign currencies) in order to encourage exports, limit the import of unnecessary goods, but not cause sudden price fluctuations. The application and repayment of foreign

loans by enterprises, departments, and localities must be closely supervised. Regulations on loan guarantees and loan applications from business enterprises should be introduced quickly.

Foreign currency management should continue to improve to create favorable conditions for the dong to be exchanged freely with foreign currencies, making it the only transaction medium in the country.

Commercial banks which play a major role in the capital market must develop their loan activities in the direction mentioned previously. Public credit groups should be established after drawing experiences from experimental groups. Relations between the State Bank and the commercial banks and public credit groups must be reformed under the philosophy that the supervisory role of the State Bank must be maintained. The State Bank must not interfere with the credit and transaction activities of commercial banks. It must create a healthy competitive environment between commercial banks, including foreign banks. A banking association should be established. We must increase the training of bank officials and improve the management and quality of banking services.

III. Resolve Various Socioeconomic Issues More Satisfactorily:

Realizing that linking economic development with cultural and social development is the tradition of our people, the character of our regime, and the trend of our era, the government has given priority to preparing plans and funds to guide various cultural and social activities. In 1993, although many sectors concerned have not attained their desired results, they made some improvements through the use of government funds and contributions from the public.

The country is embarking on a new era of development. This means that from now on, the relationship between economic growth and cultural and social development will have more favorable conditions. This relationship should be dealt with in a more balanced and harmonious manner.

Economic development, as explained previously, includes the settlement of many very important and fundamental social issues such as the creation of jobs and increasing the people's income. Cultural and social development has other demands which require each person to contribute attention, effort, wisdom, money, lifestyle, psychology, and opinion. The government is responsible for policies, measures, and funds to create favorable conditions for this undertaking to enhance development, under the direction that the government and people should work together with possible contributions from local and foreign organizations.

The 1994 draft plan outlines realistic measures and increases funding for educational and cultural activities; scientific research; and public health, physical education, sports, and family planning services. I would like to emphasize the following issues:

A. First, we must improve the people's intellectual standard, provide additional training to the contingent of laborers and cadres, and train the succeeding generations. Given our current requirements, this is a very important task aimed at preparing for our country's long-term development, especially for embarking on the 21st century with more drastic development measures. We must not only improve the quality of teaching and studying in all educational institutions in conformity with the requirements for socioeconomic development, but also mobilize all forces in society, from families to mass organizations, including mass media agencies, to improve the educational level of the entire society and to create more potential for advancement among the youths, who will strive for their own personal achievement as well as for the national interest.

The arrangement of employment for newly graduated students must be given attention through assistance measures taken by the state and by various mass organizations and families. This will contribute greatly to encouraging students to study harder. We must create conditions for the contingent of intellectuals to dedicate their intelligence and talents to the country and to earn a good living with their own careers. The government will welcome and create conditions for those Vietnamese intellectuals living abroad to participate in socioeconomic development in their country in various areas of work and under various suitable forms.

B. Greater attention must be paid to improving the health of the people of various strata. Specifically, we must concern ourselves with improving the health of the entire people, ranging from children to mothers to the aged for the sake of our national construction now and for future generation.

Along with government guidance and further budget assistance, we must step up physical education and sports activities, preliminary health care, disease prevention and treatment, family planning, and so forth. We must strive to launch a movement to carry out these tasks in a wide and far-reaching manner with the participation of all individuals, families, schools, mass organizations, and the rest of society.

In 1994, the government will allocate more funds and provide better guidance for implementing various measures to provide health care for people in the mountain regions and for ethnic minority compatriots. We must dispel and then proceed toward eradicating all social diseases and resolve the issue of water supplies for our compatriots.

C. Improving the intellectual standard and protecting public health are essential conditions for averting and dispelling social vices, especially prostitution, drug addiction, and the danger of being infected with HIV virus as this disease is spreading and causing indignation and concern among the people. As early as 1993, the government issued a directive with drastic measures

aimed at preventing and dispelling these social vices, but implementation is, however, still slow.

The administration at various levels must cooperate with mass and social organizations in reviewing and profoundly analyzing the movement to fight social vices in the past, draw on lessons of good works and failures, become familiar with the experiences of other countries in order to take practical and effective measures suitable to our country's situation. The government will create better conditions and provide more financial support for these tasks. Most importantly, various authorities in the local administration at the provincial, city, district, village, and ward levels must strive to seriously carry out their functions and duties and take responsibility in curbing social vices in their areas.

IV. Develop Our New Advantages in Diplomatic Activities:

On the basis of the successes of the renovation process and taking into account our correct foreign policy, our positive and dynamic diplomatic activities have helped create a favorable international environment for the cause of national construction and defense and for improving the position of Vietnam in the international arena as an active member of the trend toward peace, stability, and cooperation in this region and the world over.

We have consistently restored and expanded the relations of friendship and cooperation with neighboring and other countries in Southeast Asia and the Asia-Pacific region. We have agreed to settle conflicts through peaceful negotiations. The relations of cooperation between our country and many developed nations have expanded, while our relations with traditional friendly countries and nonaligned nations have been strengthened. In 1993 we also restored relations with international financial and monetary organizations while strengthening cooperation with the ASEAN and the EC.

From this forum, on behalf of the government and people of Vietnam, allow me to once again express my gratitude for the goodwill, effective cooperation, and valuable assistance given by the many countries and international organizations to Vietnam's renovation and development process. This assistance was clearly reflected at the recent Paris donors conference. I would like to avail myself of this opportunity to reassert that Vietnam always wants to befriend all countries in the international community in the struggle for peace, independence, and development.

As for the government and people of the United States, we advocate closing the past and look toward the future, ready to establish normal relations on the basis of equality, mutual respect, and without any preconditions. Not only will this conform to the aspirations and interests of the two peoples, but this will also be beneficial to peace, security, and stability in the region.

From the vivid reality of implementing our foreign policy, we can confirm that in the international background of

many complicated changes, although we have to deal with many challenges, we have opportunities to create and develop multifaceted relations with all nations and international organizations. This should be attributed to our effort in the struggle to defend our national independence and sovereignty, our determination to attain self-reliance, and our efforts to carry out national development while maintaining national characteristics under the banner of peace, cooperation, and development. This will continuously improve our country's prestige and position in the international community, thus positively serving the cause of national construction and defense. Achievements in the renovation and national development and the effective expansion of multifaceted cooperation with foreign countries have served as a base for strengthening our diplomatic activities.

Our foreign policy for the days ahead will be carried out and developed in depth in accordance with this fundamental orientation.

V. Enhancing the government's management efficiency:

In 1993, the government concentrated efforts on directing the implementation of 10 major tasks and directly dealt with a number of urgent problems and worked with many local governments to define development orientations and work out problem-solving methods. Those efforts have, together with the very great endeavors of our entire party, people, and armed forces, led to our socioeconomic achievements in the past year.

However, much remains to be done to enhance the government's management efficiency. The functions of state management in the market economy require that our state apparatus, first of all, our administrative apparatus, be fully competent and pure to perform their functions as stipulated by law. This is a very important part of our efforts to build a law-governed Vietnamese state which truly belongs to, comes from, and works for the people.

As the renovation cause proceeds further, it will become more difficult and complicated and necessitate efforts to combine economic reform with administrative restructuring to ensure a rational course of action and coordination to implement the overall reform program. Measures must be taken to overcome the lack of uniformity, coordination, and even agreement when it comes to directing the implementation of the reform program as we have experienced in the past. The government's management efficiency is guaranteed and enhanced only when its management function is carried out in a concentrated and uniform manner and only efforts are exerted to overcome all indications of departmentalism and regionalism as well as to get rid of corruption and purify our state apparatus. In 1994, marked progress must be made to overcome the government's management drawbacks to create conditions for our renovation process and socioeconomic development program to advance a step further.

As an immediate objective, concentrated and urgent efforts must be made to resolve a number of high-priority problems as follows:

—At present, there is an urgent need to create the legal framework for all economic activities under the market mechanism. First of all, we must accelerate the legislative work program by combining efforts to build or amend a number of laws still in effect with endeavors to formulate basic legal documents, especially the civil code and business law. This requires the formation of a contingent of experts to study and complete the legislative work program as scheduled. May I suggest that the National Assembly spend more time on its legislative work to meet the requirements of the economic reform program. The government will formulate regulations to ensure that law enforcement documents are promulgated in time. It will also work to enhance the efficiency of law enforcement agencies, regarding this move as an important part of the administrative reform program. Law enforcement instruments go hand in hand with financial, monetary, and planning apparatus. They must all be applied in a uniform manner to manage macro-economic activities under the market mechanism.

—It is necessary to define the power of administrative organs at all levels, first of all their power to formulate rules and regulations, bearing in mind the need to work toward the formulation of uniform policies to ensure strict implementation of government decisions. Efforts must be made to overcome departmentalism, arbitrariness, no discipline, and the situation in which ministries, sectors, or local people's committees issue legal documents at variance with government decisions.

In 1994, we should work out plans to abolish administrative organs' control over business establishments. Then, on that basis, let's reduce the sizes of ministries, agencies under the management of the government, and local administrative organs at all levels. This is a very important move because it will not only make our mechanisms less bulky and bureaucratic, but also will help overcome regionalism which prevails in the management systems of different sectors and localities.

Presently, the administration procedure is too superfluous and complicated. It is encouraging the practice of authoritarianism, extortion, and corruption by many cadres and officials when the people need to register something or apply for certain permission. It also creates obstacles and difficulties in work relations between different government offices. This situation causes difficulties and expenses for the public and arouses indignation in society. In 1994, the government will carry out reform of administrative procedures under the principle of both providing convenience to the public and safeguarding the state management of the government. The reform will, first, concentrate on areas that are experiencing negative phenomena, causing inconveniences to many people and obstructing business activities. This task

must be carried out under deliberated plans with close supervision and control of the agencies concerned. Efforts must be made to motivate mass organizations and the people to participate in this task, especially the contribution of ideas to amend and apply various administrative procedures. We must strive to urgently promulgate administrative law to serve as a legal base for building administrative apparatus and formulating civil servant regulation as well as for setting up an administrative tribunal to settle the people's complaints against administrative agencies and officials.

One of the most important tasks is to train and enhance the capability of our civil servants, step by step standardize administrative positions, and revise procedures on recruiting and assigning civil servants. We must formulate appropriate plans to carry out this task to produce a contingent of capable civil servants who can handle their duties effectively, especially those who hold key positions at administrative agencies at the central level or in provinces and municipalities.

Dear National Assembly deputies:

Our nation and people have a tradition of steadfastness. We have, on many occasions, proved our capabilities in overcoming acute ordeals to survive and develop further, thus creating various historical turning points.

Presently, while we have great opportunities to develop our country we also face numerous difficulties and ordeals. The government, however, places its confidence in our nation and the people who always uphold the spirit of patriotism and self-reliance, develop their intelligence and creativity, and maintain their diligence for labor productivity.

Together with the National Assembly and the Vietnam Fatherland Front, the government will do its best to strengthen the great national unity bloc comprising all nationalities, religions, and people's strata at home and abroad. We will create a favorable environment and conditions for all people to do their best to amass wealth for themselves and for the nation. We will create necessary conditions for our people to enter the 21st century with firm capabilities to help extricate our country from its situation as a poor and underdeveloped nation.

With the wholeheartedness and strong determination of the entire people to advance along the path chosen by our party, we will definitely miss no opportunity in striving to fulfill all tasks set by the National Assembly for 1994, thereby ushering in a new stage for socio-economic development in our country.

Thank you very much for your attention.

Leaders Pay Homage on Death of Buddhist Dignitary

BK3012144193 Hanoi VNA in English 1432 GMT
30 Dec 93

[Text] Hanoi VNA Dec 30—Party Secretary General Do Muoi, State President Le Duc Anh, Prime Minister Vo

Van Kiet and National Assembly Chairman Nong Duc Manh today went to the Quan Su Pagoda in Hanoi to pay homage to the most venerable Thich Duc Nhuan.

The most venerable Thich Duc Nhuan, president of the Sangha Council of the Vietnamese Buddhist Church, died in Hanoi on December 23 at the age of 97.

Representatives of the Fatherland Front, other mass organizations and branches of activities also paid last tribute to the high Buddhist dignitary.

Representatives of the Catholic Church, the Cao Dai Religious Sect and others have come to the Quan Su Pagoda for the same purpose.

The most venerable will be deposited in a stupa at Quang Ba Pagoda, also in Hanoi.

Vu Oanh Attends Cremation Ceremony

*BK3112065793 Hanoi VNA in English 0613 GMT
31 Dec 93*

[Text] Hanoi VNA Dec. 31—A big ceremony was held here this morning for the cremation of the President of the Sangha Council of the Vietnam Buddhist Church, the most venerable Thich Duc Nhuan, who passed away in Hanoi on December 23 at the age of 97. Among those present at the ceremony were Vu Oanh, member of the Communist Party of Vietnam Central Committee, and a number of senior officials of the party, the state, the Vietnam Fatherland Front and mass organizations. Tens of thousands of Buddhist followers coming from many parts of the country walked in procession through a ten-kilometres distance of streets from Quan Su Pagoda to Quang Ba Pagoda, on the outskirts of Hanoi where he will be deposited in a stupa.

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